



# Financial Statements

## 31 March 2020

# Iris Pickett celebrates 70 years in her home!



A lot has changed in Grimsby during the past 70 years. The town's fishing industry is a far cry from its 50s and 60s heyday, the famous high-rise towers – a landmark on the Grimsby landscape – have come and gone, and the town centre is almost unrecognisable from the hustle and bustle of Victoria Street and the Bull Ring.

But for Iris Pickett, 94, some things have never changed. She moved into her home in Grimsby on VE Day in 1950 and has been its sole tenant ever since!

When a heavily pregnant Iris, her husband Victor and four-year-old son Douglas, moved into the property on Pershore Avenue, it was a brand-new council home.

Son Steven followed in July, with daughter Diane arriving four years later, as the family made the house their home.

Iris and Victor had been sharing a home since their marriage in November 1945. Post-war, housing was very scarce, and the couple lived with Iris' mum and brother, plus their families in a home on Connamore Road, also in Grimsby.

*"My husband wasn't too keen on the move at first," said Iris.*

*"Like most people in the town, he worked on the Fish Docks, which was a far bit further away from the Bradley Crossroads area than what we were used to – especially on pushbike at 6am! However, a brand-new house with all mod cons wasn't to be sniffed at!"*



*We had the added benefit of a large garden, which was particularly useful for the kids growing up, as well as for growing my own fruit and vegetables.*

Iris continued: *"The rent was 19 shillings and six pence per week, and this included rates and water rates.*

*"We had the added benefit of a large garden, which was particularly useful for the kids growing up, as well as for growing my own fruit and vegetables."*

Wind the clock forward 70 years and Iris is still in her home and has been its only tenant – she's also never been in arrears with her rent!

Son Douglas, who became a coach tour operator, Mayor's Consort and local councillor, has sadly passed away, but Iris still enjoys the company of son Steve and daughter Diane, as well as her son-in-law Garry and an extended family of eight grandchildren, 14 great-grandchildren and one great-great grandchild.

At 94, she still enjoys good health and independent living and was delighted to receive a bouquet of flowers from us to recognise her milestone.

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# Information

## Board of Management:

### Chair

**Stephen Savage**  
(resigned 10th April 2019)

### Chair

**Lynda Bowen**  
(resigned 17th September 2019)

### Chair

**Anthony Read**  
(appointed 17th September 2019)

**Yvonne Lowe**

**Paul Casey**

**Carl Dewey**

**Jiggy Lloyd**

**Rob Griffiths**

**Rob Jones**

**Simon Parkes**

### Co-Optee

**John Crowther**

## Chief Executive:

### Chief Executive

**Murray Macdonald**

## Secretary:

### Secretary

**Mike Walters**

(resigned 31st July 2020)

**Zoe Wortley**

(appointed 31st July 2020)

## Executive Directors:

### Executive Director of Customers

**Bridget Lloyd**

### Executive Director of Property

**Mark Jones**

(resigned 1st December 2019)

**Alex Dixon**

(appointed 6th April 2020)

### Executive Director of Resources

**Julie Kennealy**

### Executive Director of

### Business Transformation

**Suzanne Wicks**

## Registered Office:

Westgate Park, Charlton Street,  
Grimsby, North East Lincolnshire  
DN31 1SQ

## Financial Conduct Authority

**Registered Number:** 7748

## Regulator of Social Housing

**Registration Number:** 4877

# Chair & Chief Executive's Report

The creation of Lincolnshire Housing Partnership (LHP) through merger was a carefully planned long-term strategic objective.

The founding members were well established organisations, each with their roots in traditional social housing via LSVT stock transfers. Long term sustainability and the opportunity to thrive, rather than simply survive, against the backdrop of rent cuts associated with austerity was a key driver for the merger. Together LHP is stronger, more resilient, able to operate more efficiently and have greater capacity to make a bigger difference than either legacy organisation could have achieved separately.



*Together LHP is stronger, more resilient, able to operate more efficiently and have greater capacity to make a bigger difference than either legacy organisation could have achieved separately.*



**Murray Macdonald**  
LHP Chief Executive

## Key Facts



→ LHP own and manage over 12,500 homes, covering the historic East coast of Lincolnshire, bringing together former Boston Mayflower and Shoreline housing associations



→ The largest stock holdings are found centred around Grimsby and Boston, these two locations account for 75% of our stock



→ The housing assets have total existing use value of c.£300m



→ 95% of the revenue is derived from social housing activity, with general needs rental units accounting for 79% of the stock



→ LHP has limited sales risk exposure with shared ownership sales accounting for under 4% of income and no outright sales exposure.



→ S&P A+ rating (stable) – reaffirmed in April 2020



→ RSH G2, V2 rating

# Chair & Chief Executive's Report

## The Board



**Chair**  
**Anthony Read**



**Carl Dewey**



**Jiggy Lloyd**



**John Crowther**



**Paul Casey**



**Rob Griffiths**



**Rob Jones**



**Simon Parkes**



**Yvonne Lowe**

# Chair & Chief Executive's Report

During the past year the Board has sustained its focus on improving governance as LHP progress a collective post-merger objective of securing an RSH G1 V1 rating.

LHP appointed a new Chair of the Board during the year. Anthony Read, took up his position as Chair of the Board on 17th September 2019, bringing with him a wealth of experience from a banking and finance career spanning

three decades. Anthony's comprehensive skill set includes considerable experience of customer relationships and leadership roles, where he built high-performing teams across various disciplines on a regional and national basis and coached and mentored senior leaders on business issues and change management. The appointment of the new Chair strengthens LHP's commitment to delivering its six strategic priorities.

## Other achievements include:

- **The appointment of a Senior Independent Director (SID) board member.** Whilst the appointment of a SID is standard practice for commercial Boards it isn't as established in Social Housing and for LHP this is an important element of our commitment to effective governance.
- **The fulfilment of the stock condition survey update promise made at merger** which enables informed understanding of future years planned investment requirements, in turn ensuring we continue to meet all regulatory standards (including maintaining 100% Decent Homes Standard across the full property portfolio during COVID-19 to date).
- **Detailed and increased focus on the robustness of stress testing and recovery planning,** including prioritised mitigations and a system of operational "triggers for action", which was demonstrably effective when COVID-19 provided an opportunity to thoroughly test in the field.
- **Improved focus on board reporting including the strategic risk register and assurance framework** and system of internal controls, which have been embedded across the business.
- Continued focus on **operational improvements.**
- **LHP has a refreshed financial strategy increasing focus on strong viability, underpinned by clear reporting and mitigation of risks.** LHP's Response to COVID-19 continues to emphasise this approach
- **LHP has its main concentration of assets in two of the nine local authority areas of Lincolnshire,** and have agreed to explore growth within these areas and the other areas of Lincolnshire, but not beyond
- **Looking forward, LHP want to add to the present modest growth commitment** and intend to explore growth in areas of high rental need to then allow LHP to invest in regeneration of other areas within the County.
- **Acquisition rather than land led development will continue to underpin the growth strategy.** LHP will consider the continued acquisition of new s106 and non s106 homes from developers but not engage in significant speculative land led development. LHP will continue to grow core rented and affordable housing solutions rather than the acquisition of properties for outright sale.

# Chair & Chief Executive's Report

## Technology Supporting Service Delivery

LHP has made significant progress investing and implementing updated technology as part of our digital strategy and as a result was able to quickly mobilise a remote working business and maintain over 90% of the office-based services throughout the COVID-19 pandemic to date.

With limited use of the government furlough scheme LHP maintained a full emergency plus repairs service throughout the pandemic to date and was able to maintain compliance with landlord health & safety obligations with no reportable incidents of any breaches.

## Looking Forward

Shortly after the financial year-end in April 2020 LHP's credit rating was affirmed at A+ with a stable outlook by S&P Global. This provided a solid platform to act swiftly to take advantage of market conditions presenting investors seeking low risk long term opportunities. LHP was able to take, execute and conclude a decision to sell £75m of retained bonds quickly – despite the constraints in place during lockdown.

An excellent result was achieved, the organisation secured long-dated 39-year funding at sub 2.5%, combining spot and forward tranches to suit the business plan.

This capital will provide an opportunity for LHP to extend the modest growth commitments set out in the 2019-2023 Strategic Plan and maintain strong liquidity and financial resilience to meet future challenges presented post-pandemic.



## Key financial highlights

	2019/2020	2018/2019
	Actual	Actual Restated
	£m	£m
Turnover	53	53
Operating Surplus*	16	14
Operating Margin*	30%	26%
Interest Payable	7	11
Total Fixed Assets	297	286
Debt	161	152
Net Worth	116	104
Interest Cover*	170%	126%
Net debt: NBV	51%	50%

\* 2018/19 Adjusted for allowable one-off impact of merger expenses as agreed with funder.

# Chair & Chief Executive's Report

2019/2020 was the final year of the rent reduction programme however, LHP saw its turnover remain steady at £53million, and delivered an increased operating margin of 30%.

There was an increase of 4% in fixed assets, reflecting the continued investment in new build properties, during the year an additional 126 units were added to the stock, alongside 120 units being demolished, in line with the corporate plan.

## LHP also recorded:

- Stable Interest Cover ratios
- Improved liquidity with adequate reserves to meet the expenditure commitments over three years
- Closing cash balance of £11.8m as at 31st March 2020

## Operational Performance

LHP has improved operational performance in voids, re-let times and arrears management with highlights including:

- Average re-let times improved during the year from 77 days in Q1 to 68 days in Q4.
- 355 properties were vacant at year end. This compares well to 426 in April 2019 and represented 3% of stock.
- 95.6% of the repairs were completed right first time placing LHP's performance in the HouseMark upper quartile.
- 93.6% of LHP's customers were satisfied with their most recent repair. This was marginally short (less than 1%) of the HouseMark upper quartile position.
- Current tenant arrears have remained stable at year end, against a backdrop of more significant Universal Credit rollout and COVID-19 uncertainty. The year-end position of 1.8% current tenant arrears placed LHP's performance in the top quartile.

## Chair's Comments

During my first year as Chair I have been impressed by the unity of the Board and Executive team working collaboratively and effectively to deliver strong results and together responding quickly to challenges under the most testing of circumstances.

Our organisational achievements in continuing to provide services to our residents during the lockdown period of the pandemic demonstrates our ability to be agile.

Over the coming year we will continue to invest in new digital technology to enable future long-term reductions in overhead costs, which underpins our commitment to improve value for money in future years.

We look forward to investing in more new homes for rent in areas of highest rental need.

Operationally, we will focus on improving our void turnaround times, setting out a clear strategy and stretching targets to improve value for money in our assets and will continue to demonstrate our commitment to adding social value in all we do and improving sustainability in our environment.

As a board we take our co-regulation role seriously and will continue to operate the highest standards of governance, maintaining effective relationships and retaining the highest levels of confidence from our regulatory body and our investors.

Most importantly, we will continue to focus on meeting the needs and expectations of our customers and remain wholly committed to ensuring our residents have a voice and are listened to.



**Anthony Read**  
**Chair of the Board**  
(15th September 2020)

# Statement of The Board's Responsibilities in Respect of The Financial Statements

## The Board is responsible for preparing the report and the financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the group and association and of the income and expenditure for the period of account.

In preparing these financial statements, the Board is required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the group and the association will continue in business

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the group and association, and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Account) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. It has general responsibility for taking reasonable steps to safeguard the assets of the group and association and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Statement of Compliance

The Board confirms that this Strategic Report has been prepared in accordance with the principles set out in paragraph 4.7 of the 2018 SORP for Registered Social Housing Providers. The Strategic Report was approved on 15 September 2020

on behalf of the Board

DocuSigned by:

*Anthony Read*  
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**Anthony Read**  
**Chair of the Board**

# Strategic Report

## About LHP

**LHP is a registered provider of social housing whose purpose is to provide affordable homes for people in the greatest need in Lincolnshire.**

In April 2018, LHP was formed through the merger of Boston Mayflower and Shoreline Housing Partnership. Our homes are located across the east coast of Lincolnshire. Over 75% of our stock holdings are found near Boston and Grimsby, which include some of the poorest wards in the Country.

LHP's core social purpose means that as an organisation we concentrate our support and investment activities to ensure the long-term well-being of our customers, staff and the communities in which we are based. LHP exists to provide high quality and affordable homes in strong communities across Lincolnshire and we remain resolute in our commitment to that purpose which drives all we do. We focus on meeting the needs of our existing social housing residents by investing in their homes, local communities and services.

95% of our revenue is derived from social housing activity, with general needs rental units accounting for 79% of our units.

### Our Customers

One of LHP's core values is "Customer First," and we put customers at the heart of our decision making and develop services which are built around their needs. This includes having a Customer Scrutiny Panel and several Key Service Improvement Panels, which review and make recommendations as to how LHP can improve its services along with interrogating our performance.

"Together" is another of LHP's core values and we work in partnership to provide:

→ Homes across a range of tenures which address the needs of the community; from people looking to rent their first home, where they can safely bring up their families, to homes where they can have a comfortable and independent old age



- Communal spaces which can be used safely by everyone and promote a sense of community
- Support for our customers to maximise their income and manage any debt
- Support for our elderly and disabled customers to be independent
- Develop employment and training opportunities which benefit our customers and the wider community
- Work with key stakeholders and the wider community to encourage strong communities

# Our values



## Great Homes, Strong Communities



### Customer first

We will put customers at the heart of our decision-making process and develop services that are built around their needs.

This emphasis will be felt by customers in every interaction with us, driving up our customer satisfaction and ensuring we invest our money where it has the greatest impact.



### Listen, act and learn

We will create a structured opportunity for stakeholders, staff and customers to provide feedback.

We will value this time and insight and use it to act and learn from it. Before investing in new and existing projects, we will seek the views of those set to benefit.

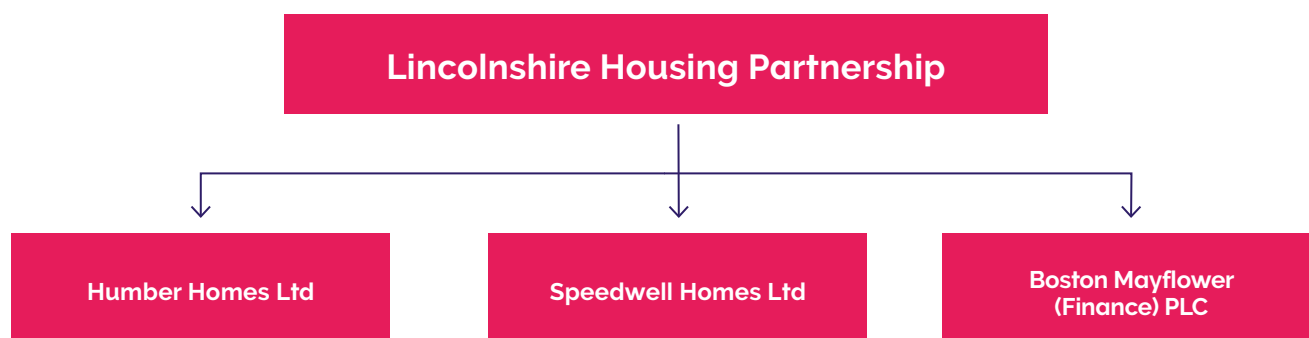


### Customer first

We will proactively seek out new partnerships and work to build on the many successful joint working projects already underway.

We can achieve more by working together with our key stakeholders and by working together as one team.

## Corporate Structure



# Strategic Report

## RESPONSIBILITIES

- Responsible for directing the company, preparing and implementing strategic and operational plans
- 15 years' experience in housing and housing focused culture
- Chair of Finance Committee and full Board Member Lincolnshire NHS CCG
- Committed to delivering excellent services to tenants and partners



**Murray Macdonald**  
Chief Executive

## RESPONSIBILITIES

- Over 25 years' public and private sector senior leadership experience in the UK and wider European Regions
- MBA equipped chartered accountant with 15 years Executive and NED experience
- 10 years' experience of applying risk balanced commercial practice and robust financial oversight in social value driven business settings



**Julie Kennealy**  
Executive Director  
of Resources

## RESPONSIBILITIES

- Housing professional with 20 years' experience, 10 of those at a senior level
- Specialises in people, equality & diversity and equal opportunities
- Focusses on the customer journey, ensuring that the customer voice supports the business to shape service delivery and challenges performance



**Bridget Lloyd**  
Executive Director  
of Customers

## RESPONSIBILITIES

- Over 25 years' experience in housing asset management, maintenance and development
- Promotes an innovative approach to housing, through new design and sustainability principles
- Previously held directorships at Freebridge Community Housing and Bromford Housing Group



**Alex Dixon**  
Executive Director  
of Property

## RESPONSIBILITIES

- Over 25 years' experience in the housing association and local government sectors
- Focused on business and digital integration and transformation for the past 12 years
- Former non-executive director and Senior Independent Director at Greenfields Community Housing, as well as Chair of the Home Committee, and a member of the Governance & Remuneration Committee



**Suzanne Wicks**  
Executive Director of  
Business Transformation

# Strategic Report

## Corporate Plan

The Corporate Plan established six strategic priorities and clearly identified key deliverables for each priority by the end of the plan period.

As part of the Business Planning process, LHP has considered its current operating environment carefully and has factored this environment into its corporate objectives, risk management strategy, assurance framework and its financial plan.

## Corporate Strategy

### LHP Corporate Plan 2019-2023 Great Homes, Strong Communities

#### SP1: Deliver Quality Services

Customer Service Strategy

SP2: Invest in Existing Homes & Estates

SP3: Provide New & Regenerated Homes

SP4: Listen to and Empower Tenants

Asset Management

Asset Growth Strategy

Tenant Involvement and Empowerment Strategy

SP5: Support & Develop Colleagues

SP6: Ensure Strong Governance & Finance

Organisational & Talent Development Strategy

30 Year Business Plan & Extensive Stress Testing  
Value for Money Strategy  
Risk Management Strategy  
Treasury Management Strategy & Policy  
Digital Transformation Strategy

Each priority is underpinned by a key strategy that outlines how the priorities will be achieved.

The Coronavirus pandemic has seen LHP accelerate progress on the Digital Transformation Strategy enabling effective remote working during lockdown. These remote working changes are being consolidated and expanded as we work at pace on how we bring forward a longer-term agile workspace and practices for the near future.

To ensure LHP's customers receive excellent and timely services, investment continues into "Gober" customer programme to ensure staff consistently act in a customer focused can-do manner, which puts LHP's customers at the heart of the business.

LHP value the effective relationships with our Local Authority Partners and have actively supported wider community improvement ambitions and longer-term strategic plans for growth and economic wellbeing across the Group's operating area.

LHP has prioritised strong governance. The Group is overseen by a single Board of skilled and experienced professionals.

# Strategic Report

## Corporate Strategy and Objectives

**LHP's Business Plan is built around a clearly stated organisational strategy focused on embedding the benefits arising from the merger in the short term; improving both operational effectiveness and customer satisfaction.**

### Expansion within Lincolnshire

LHP has its main concentration of assets in two of the nine local authority areas of Lincolnshire, we have agreed to explore growth within these areas and to the other areas of Lincolnshire, but not beyond.

### Meeting High Rental Demand Needs to Support Regeneration

We will explore growth in areas of high rental need where clear rental markets are seen to provide income to continue to regenerate other areas of our asset holding

### Acquisition rather than land led development

We will consider the continued acquisition of new s106 and non s106 homes from developers but not engage in significant speculative land led development.

### No outright sale

We will continue to grow our core rented products and not engage in the acquisition of properties for outright sale

Our strategy concentrates on our core product, social and affordable housing, and the Group ended the year with 12,106 (2019: 12,540) affordable dwellings including 290 (2019: 252) shared ownership properties.

The table below summarises our current stock portfolio. Our shared ownership properties represent less than 3% of our stock and the proportion of shared ownership properties in our planned growth programme is limited to compliance with planning policy within our Local Authority areas to support housing need and, as such, is not speculative in nature.

<b>LHP – Summary of Stock</b>	<b>2020</b>	<b>2019</b>
Rented General needs	10,025	10,061
Older / Supported persons dwellings	1,791	1,874
Shared ownership	290	252
Total affordable dwellings	12,106	12,187
Other properties	19	13
Leaseholders	364	360
<b>Total Dwellings</b>	<b>12,489</b>	<b>12,560</b>

# Strategic Report

## Economic Uncertainty

The housing crisis remains a main focus for both central and local government, alongside the UK's departure from the EU and the recent COVID-19 pandemic. Our business is focused around the needs of our communities and the nature of our business is counter cyclical; economic uncertainty historically has driven an increase in needs for the nature of the service we offer. We have focused carefully on our business risks and scenario testing for the potential catastrophic consequences economic uncertainty could bring. We are a financially resilient organisation operating a low-risk business and financial strategy, enabling us to focus on our priorities to meet our merger promises, and operate a strong unified organisation, supporting our residents and the wider communities that serve them.

## Housing Demand

Lincolnshire's economic profile was assessed as strong at the year-end by S&P Global as part of the organisation's rating review in April 2020. East England continues to demonstrate slow but steady population growth; the numbers of households on our local authority waiting lists has grown 1.1% year-on-year since 2016. Social rents are lower than market rents across the area, indicating good levels of affordability.

## Growth

LHP has operated a low-risk strategy in the post-merger period with new-build development concentrated on traditional social housing activities with limited market risk and predictable income streams and no plans in place to change this approach. The organisation has an active asset growth programme and is focused on embedding, assessing and refining its development service, focusing primarily on new Section 106 affordable housing opportunities. At merger LHP committed to a modest growth programme to deliver an additional 60 new homes per year over and above the 267 units, at merger date, of the remaining legacy programme. As a locally based registered provider,

LHP wants to use its collective size to take advantage of acquisitive growth opportunities across its area of operation and will maintain its approach of no exposure to outright market sales.



## Environmental, Social and Governance (ESG)

In line with government targets, LHP is committed to being carbon neutral by 2050 and we will implement a strategy that provides a framework where ESG is integrated into LHP's ongoing operational activities. Through integration with wider business processes LHP will ensure that it delivers ESG effectively and efficiently to maximise the benefits to the communities we work in.

Overall, LHP is looking to grow as a housing provider whilst undertaking this growth it commits to not exceeding its' 2019/20 baseline CO2 emissions.

LHP will deliver ESG through its' core strategies, which include but are not limited to, Asset and Growth Strategy, Procurement Strategy, Organisation Development Strategy, Customer Access Strategy, and Vulnerable and Older Persons Strategy.

To be able to demonstrate the impact of ESG progress, as part of the business planning and monitoring process alongside its' existing performance framework LHP will set measurable ESG objectives and targets.

In addition to quantifiable targets, the strategy will incorporate qualitative measures which will be reported by the specific business areas.

# Strategic Report

## Impacts of Welfare Reform

The ongoing welfare reforms generate several challenges for Registered Providers. LHP continues to work to ensure customers are supported as effectively as possible through these changes whilst simultaneously strengthening measures to protect income. Key elements of our approach to supporting financial wellbeing of residents include:

- LHP works closely with Citizens Advice across all areas. This provides a seamless transition between housing advice and financial advice, working in conjunction with Age UK and CA staff and volunteers.
- LHP provides support to customers on a needs basis and the CA provides a "Help to Claim" service for those requiring assistance with making a Universal Credit claim.
- LHP has a specialist Income Team, with a dedicated Head of Service in place to ensure income remains a priority at a corporate level.
- A Money Support service is part of the Income Team and provides a free service to LHP customers, such as conducting benefit checks, assistance with benefit claims, budgeting and utility tariffs.
- A pre-tenancy financial assessment is carried out to ensure potential new tenants can afford the properties they are being offered, with referrals made to the Money Support Service for support.
- Universal Credit arrears are monitored closely, and every new claimant is contacted directly to offer tailored support and guidance and to discuss their rental responsibilities.
- Payment arrangements are agreed with customers in rent arrears that are affordable and sustainable.

## Housing for Vulnerable and Older People

Supporting vulnerable and older customers to live well and independently in their own homes remains a key priority for the Association. LHP's property portfolio includes 1,791 properties suitable for vulnerable and older residents, comprising flats, bungalows and traditional sheltered housing schemes. Support is provided to help residents live as independently as possible, but the organisation is acutely aware that the design of some of the accommodation provided is dated and needs to be refreshed so that it meets the future needs and aspirations of an ageing population. In conjunction with our Asset Management Strategy, scheme appraisal work is underway to ensure this accommodation is fit for purpose and future proofed to meet changing needs.

## Rents

LHP is required to comply with the Government's rent guidelines and the rent standard. In July 2015, the Chancellor announced that social rents would fall by 1 per cent each year until April 2020. Subsequently, the Government has confirmed that from April 2020 registered providers will be able to increase social rents by CPI+1% for a period of five years. During the period we undertook a comprehensive rent compliance check across all stock.

Supported by:



# Strategic Report

## Group Financial Performance

### Financial Review and Results Position

The financial results are set out on pages 40 to 95. The accounting policies of the Group are set out on pages 48 to 55 of the Financial Statements.

The Group surplus for 2020 was £8.8m, compared to a loss of £1.9m (restated) in the year ended 31st March 2019. Turnover has increased by £0.3m to £53.1m (2019: £52.8m restated). Operating Expenditure has decreased from £42.9m to £37.2m. Interest and Financing costs have reduced by £3.8m to £7.2m for year ended 31st March 2020 (2019: £11.1m).

The improved surplus is primarily due to the completion and delivery of planned one-off spends associated with our merger, demolition programme and electrical testing policy change as well as realising efficiencies from the merger. Interest costs have decreased due to £4.2m of loan breakage costs due to refinancing upon the merger.

The group continues to maintain a strong financial position with net assets increasing by £13.2m to £116.3m in the year (2019: £103.1m).

### Prior Period Adjustment

During 2019/2020 LHP identified two rent batches within the housing management system which were duplicated in the accounting system, in the 2018/2019 year. This resulted in the rental income and the rental arrears being overstated in the 2018/2019 Financial Statements. There was no impact on any customer rent accounts and no customers were overcharged. The restated figures presented wholly address the issue.

Additional controls have now been put in place to prevent this error from happening again. The correction of the error in the Financial Statements has been accounted for as a prior period adjustment.

The table below summarises the overall results for the Group:

Consolidated Statement of Comprehensive Income	2020	2019 Restated
	£'000	£'000
Total Turnover	53,139	52,832
Operating expenditure and cost of sales	(38,720)	(44,758)
Gain on disposal of property, plant and equipment (fixed assets)	1,611	1,046
Operating surplus	16,030	9,120
Net Interest and financing costs	(7,196)	(11,012)
<b>Surplus (deficit) for the year</b>	<b>8,833</b>	<b>(1,892)</b>

# Strategic Report

## Comprehensive Statement of Financial Position

	2020	2019 Restated
	£'000	£'000
Net book value of tangible and intangible assets	296,778	285,575
Net current (liabilities)/assets	5,066	(1,611)
Total assets less current liabilities	301,844	283,964
Loans and long-term creditors due after 1 year	(181,807)	(172,620)
Pension liability	(3,749)	(8,232)
Total net assets	116,288	103,112
Revenue reserve	71,382	57,362
Revaluation and restricted reserve	44,906	45,750
<b>Total reserves</b>	<b>116,288</b>	<b>103,112</b>

As at April 2020, LHP had the following credit rating:

## S&P Global

### Ratings

**A+**

Outlook Stable

Affirmed April 2020

- S&P notes it expects continued focus on traditional social housing activities. Together with a deferral of capital and repairs expenses this year, this should mitigate challenges posed by the COVID-19 outbreak and result in relatively stable profitability
- Enterprise risk profile has improved by one level
- S&P recognise that since the merger of Boston Mayflower Ltd and Shoreline Housing Partnership Ltd. LHP has steadily improved the quality of asset stock
- The stable outlook reflects S&P's view that we will adhere to our financial policies, allowing us to manage the current headwinds, while keeping financial indicators along their present trajectory

# Strategic Report

## Treasury Management

The Group is funded by a combination of retained reserves, long-term funding from the capital markets and grants awarded.

LHP reviews and updates its Treasury Management Strategy and Policy on an annual basis to ensure financial risks are managed effectively, considering best practice and changes in the Regulatory approach of the Regulator for Social Housing. The Treasury Management Policy, Strategy and procedures are structured to minimise exposure to funding, price, credit, cash flow and liquidity risks that could jeopardise the delivery of Corporate Objectives.

Performance against the Treasury Management Strategy is reviewed on an annual basis. Compliance with the Treasury Management Policy is reported to the Board quarterly as part of the Financial Performance Report. Stress testing of the Business Plan is conducted on a quarterly basis both to identify key financial risk areas and to ensure appropriate contingency plans are in place.

### Existing Funding

In April 2018, LHP's separate legacy facilities with Lloyds Bank were restated to form a combined 10-year term loan of £62m and an undrawn but fully secured Revolving Credit Facility (RCF) of £29.2m. The amount of £9.5m was drawn during March 2020. The new facilities were fully secured on housing assets formerly owned by Shoreline Housing Partnership, and all former security provided by Boston Mayflower was released, being used in June 2020 to secure the retained bond sold in June 2020.

As at 31 March 2020 LHP had a total of £90m drawn and £75m undrawn funding via the Capital Markets. It also had a bank loan of £62m and an undrawn £19.7m Revolving Credit Facility (RCF) in place.

The loan portfolio at 31 March 2020 is summarised below:

Facility	Total facility £m	Drawn Value £m	Undrawn Value £m	Rate
Bond	150.0	75.0	75.0	Fixed Interest Rate 4.321%
Private Placement	15.0	15.0	0.0	Fixed Interest Rate 4.077%
Lloyds Bank Loan	62.0	62.0	0.0	Fixed Interest Rate 4.6819% (5.4069% from November 2025)
Lloyds Bank RCF	29.2	9.5	19.7	3-month LIBOR + 1.45%
<b>Total</b>	<b>256.2</b>	<b>161.5</b>	<b>94.7</b>	

# Strategic Report

## Sale of Retained Bond and conversion of bank borrowings

On 5 June 2020, LHP agreed the sale of the full £75m retained bond, £40m was sold on that date and settled on 14 June 2020, with £35m sold on a future contract for settlement on 7 June 2021. Immediately following the sale of the retained bond, the Lloyds Bank fixed term borrowings were converted to a variable rate loan at 3-month LIBOR + 0.475%. Associated costs of £18.4m incurred upon breaking the Lloyds Bank fixed rate agreement were covered by the premium received on the sale of the initial £40m bond.

## Existing Hedged Position

To reduce exposure to the risk of rising variable interest rates, LHP implemented a managed hedging strategy using fixed interest rate loans. Throughout the 2019/2020 financial year all LHP's drawn funding was on a fixed rate for the life of the facilities in place. Following the sale of the retained bond, at a fixed interest rate, after the financial year-end in June 2020 the Lloyds bank loan fixed rate moved to a variable rate.

LHP's fixed rate capital market funding is stand-alone with no embedded or stand-alone interest rate swaps. And as such, there is no mark to market cash or security call risk.

The current RCF is agreed until March 2023. The 2020 Business Plan is funded in full, utilising only the proceeds of the retained Bond sold in June 2020, including the future sale element to be settled in June 2021.

Cash to be brought forward into 2020/21 is £11.8m (2019/20: £5.6m).

Sufficient liquid funds will be maintained in order to cover committed capital expenditure for 24 months.

Loan covenants are based on interest cover and asset value. Performance against these measures is carefully

monitored to ensure that breaches of the covenant do not occur. There are no covenant failures throughout the year under review and no breaches of covenant are forecast throughout the life of the Business Plan.

## Business Plan

LHP has a 30-year business plan which is updated, and stress tested on a quarterly basis both to identify key financial risk areas and to ensure appropriate contingency plans are in place.

The extensive suite of stress-testing has been developed with independent specialist advisors. The suite includes 14 single variant and 7 multi-variant tests which are evaluated against the financial covenants and golden rules. These tests cover a range of themes including;

- Operational risks, focusing on operating costs. This includes the risk of a significant adverse event affecting the residents and requiring prompt investment in the properties
- Revenue risks, including the regulation of rental income and market exposure
- Treasury including macro-economic and financing risks
- Development and Investment, including the introduction of more sales risk on shared ownership homes and the potential impact of delayed handover and sales
- Updated "Bad Brexit" scenario (using Bank of England Stress test assumptions)
- Perfect Storm - a combination of the above
- COVID-19 Impact

# Strategic Report

## Value for Money (VfM)

**The Board leads the Value for Money (VfM) approach, through setting the Corporate Strategy and approving the VfM strategy as well as the budget and business plan.**

The financial planning process ensures that LHP achieves a healthy balance between delivering customer satisfaction, maintaining quality homes, creating a supply of new housing and providing a great place for employees to work whilst ensuring the financial health of the organisation.

The Regulator of Social Housing published a revised VfM Standard in 2020. The standard set out the requirement to have an approach agreed by the Board to achieve VfM in meeting the strategic objectives and that demonstrates delivery of VfM to the stakeholders. The LHP Value for Money strategy was approved by the Board in March 2019.

The Group Business Plan identified a clear savings target of £413k for the period. This target has been exceeded; on-going revenue savings of £626k p.a. have been secured.

### Investing to Save

Our digital strategy is the delivery vehicle through which we will reduce overhead costs in the future. We currently operate from two sizable office bases which will reduce to a single smaller base from 2023. Our agile working solution has proven effective during the COVID-19 pandemic, enabling 90% of services to be delivered remotely.

In the coming year we are investing significantly in a new single housing management system which will drive further cost reductions, all contributing to meeting our commitment to reduce the cost of social housing by 10% during the life of the current corporate plan.

### Housing Assets – Looking back

During 2019/20 LHP undertook several strategic projects to maximise the VfM from its housing assets and to maximise the VfM benefit of those assets for its customers. The projects included:

#### Savills Housing Asset Performance Evaluation (SHAPE)

LHP has been working extensively with Savills utilising the Savills Housing Asset Performance Evaluation (SHAPE) model to understand in detail how its assets perform against both physical and social criteria. The inputs into the SHAPE model are Net Present Value (NPV) data including detailed stock condition survey costs, management and service costs, maintenance costs, income, voids performance, economic assumptions and social objectives data including turnover, demand, deprivation indices, affordable warmth, affordability and ASB/crime statistics.

The outputs of the model are a combined score for each property against these NPV and social objectives so that clear plans can be made for each estate, scheme or asset based on its performance ranging from those that perform well against both criteria, those that perform well against one and poor against another and those that perform poorly against both criteria.

LHP has mapped all its stock against the SHAPE model to identify the detailed NPV performance of the stock and the performance against our social objectives, this has identified individual properties and groups of properties where further investigation and action is required and we are now producing action plans for each of these affected assets, this will lead to active Asset Management considerations which will inform future investment, redevelopment or disposal decisions.

# Strategic Report

## Stock Condition Survey

During the year LHP undertook a detailed stock condition survey of its assets to bring the detail of the database of costs up to date. In prior years LHP has relied on cloned data for some of its stock with approximately 59% of the data being from surveys and the rest from cloned data. The detailed survey results now in place enable detailed property by property plans to ensure the correct levels of investment in the stock to meet both our long term VfM targets and our customer expectations. The stock condition survey was externally validated to ensure its assumptions and findings were accurate.

## EPC/SAP improvements

LHP has always considered providing affordable warmth for its customers a priority and during 2019/20 this work continued with the upgrading of older boilers with high efficiency boilers and the insulation of lofts. The result of this work means that our average SAP value is 73.45 (compared to the average for social housing of 68 in the 2018/19 English Housing Survey) with 79% of our homes being EPC rated A, B or C (compared to 34% in the 2018/19 English Housing Survey) with only 2% of homes being E rated or lower. This allows our customers to spend less of their income heating their home. LHP are continuing to plan the ongoing improvement in our SAP rating, with the aim that by the end of 2024/2025 we will have completed work or have detailed plans for all homes to achieve an EPC minimum rating of C (SAP 69).

## In House Repairs Service

During 2019/20 LHP continued its move towards the delivery of its repairs and maintenance service through an in-house team. As well as providing high levels of customer service and satisfaction, with year-end customer satisfaction with the service at 94%, this move also improves the VfM of the service with less VAT being paid as well removing the need to manage external contractors. The service to the Boston area of LHP went live in April 2019 and during 2019/20 this released additional savings over and above the targeted amount.

## Voids

Since merger void turnaround times and costs have been comparatively high, due to legacy major works which have been required. This is a key area for improvement looking forward.



*The financial planning process ensures that LHP achieves a healthy balance between delivering customer satisfaction, maintaining quality homes, creating a supply of new housing and providing a great place for employees to work whilst ensuring the financial health of the organisation.*

# Strategic Report

## Housing Assets - Looking Forward

### In House Repairs Service

LHP continues to target VfM savings from its assets and its repairs and maintenance services. During 2020/21 a strategic project is planned to further reduce the cost per property of responsive repairs and the cost and turnaround time of void works. This will be undertaken by further aligning the repairs and maintenance service. A detailed service review of the entire void process will be undertaken to ensure that it is both cost effective and efficient as possible, whilst providing a high-quality low cost in use property for our future customers.

### SHAPE & Asset Management

During 2020/21 LHP will further expand its SHAPE work and finalise action plans for the underperforming assets which may include options such as refurbishment, remodelling, changes to the management of the property or disposal or redevelopment.

There are several key strategies in place for delivering the VfM objective and these are linked to the Corporate Plan, Business Plan and the Performance Management Framework. LHP's Asset Management Strategy and Asset Growth Strategy helps to deliver key elements of the strategic aim of "Great Homes in Strong Communities". They provide a framework for LHP to manage the stock proactively; grow in a planned and meaningful way and support business plan objectives. They link the knowledge of the stock gained to date, the property requirements in response to local demand and customer aspirations and what is affordable in the Business Plan.

LHP continue to maximise VfM in its supply chains. Procurement is managed by a specialist team that supports the business by providing solutions tailored to its needs through developing purchasing frameworks and compliant contracts. All arrangements are reviewed for efficiency, effectiveness and economy at the point of renewal or placement of new business.

**The Board maintains direct oversight and control of progress made in delivering our value for money commitments via:**

- Bi-annual internal reporting against the VfM metrics prescribed by the RSH.
- Quarterly performance monitoring of a suite of KPIs that demonstrate delivery of our strategic priorities.
- Quarterly financial performance monitoring of performance against our budget and business plan.
- We review our service provision against external sources, e.g. Housemark, Global Accounts and external publications, to enable us to assess our position against comparable organisations.
- We engage with our customers to involve and obtain feedback on our VfM progress, including through our satisfaction survey process and our tenant forums.
- We have embedded within our financial planning all proposed efficiency improvements against identified activities.

# Strategic Report

## Metrics

The performance against the metrics required by the Regulator for Social Housing is presented below.

		2020	2019 Restated	2019 Median
Metric 1	Reinvestment %	7.22%	9.19%	6.20%
Metric 2A	New Supply Delivered - Social housing units	1.04%	1.63%	1.50%
Metric 3	Gearing %	50.59%	51.37%	43.40%
Metric 4	EBITDA MRI	170.34%	36.43%	184.00%
Metric 4 (Adjusted)	Metric 4 - EBITDA MRI - adjusted for costs of merger	-	137.42%	-
Metric 5	Headline Social Housing Cost per unit	£3,147	£3,340	£3,690
Metric 6A	Operating Margin - Social housing lettings only	27.46%	14.72%	29.20%
Metric 6B	Operating Margin (overall)	27.13%	15.28%	25.80%
Metric 7	Return on Capital Employed	5.31%	3.20%	3.80%

### Metric 1 - Reinvestment %



This metric looks at the investment in properties, both existing stock and new supply as a percentage of total properties held. LHP reported 7.22% and is above the 2019 sector median of 6.20%.

This demonstrates our significant investment in our existing stock, considering our modest development programme. LHP expects this metric to increase in 2021 as a result of an increased development programme following the sale of the retained bond and continued investment in the existing stock in line with the asset management strategy.

### Metric 3 - Gearing %



This metric assesses how much of the adjusted assets are made up of the debt and the degree of dependence on the debt finance. Gearing was 50.59%, a slight reduction from 51.37% in 2019. This is higher than the 2019 sector median, however significantly lower than the covenant of 80% and is due in part to the relatively low value of the stock, which is held at historic cost from the original stock transfers.

### Metric 2A - New Supply Delivered - Social housing units



This metric is the number of new housing units acquired or developed in the year as a proportion of total social housing units and non-social housing units owned at period end. During the year LHP added 80 rented properties and 46 shared ownership properties to its stock.

### Metric 4 - EBITDA MRI



This is a Key indicator for liquidity and investment capacity. It measures the level of surplus that LHP generates compared to the interest payable avoiding any distortions stemming from the depreciation charge. Reporting EBITDA MRI of 170.34%, being a significant improvement on the adjusted 137.42% reported in 2019. However, this is below the 2019 sector median of 184% but higher than the weighted average of 153%. This metric demonstrates the improvement in financial performance as a result of savings and efficiencies during 2020.

# Strategic Report

## Metric 5 - Headline Social Housing Cost per unit



This unit cost metric assesses the headline social housing cost per unit as defined by the regulator. LHP has reduced its social cost per unit to £3,147 from £3,340 in 2019. This is also significantly lower than the 2019 sector median of £3,690.

## Metric 6B - Operating Margin (overall)



The overall Operating Margin demonstrates the profitability of operating assets before exceptional expense are considered. LHP's 2020 metric of 27.13% is higher than the previous year and 2019 sector median.

## Metric 6A - Operating Margin - Social housing lettings only



This demonstrates the profitability of operating assets before exceptional expenses are considered. Operating Margin – Social housing lettings was at 27.46% an improvement from 14.72% in 2019, however slightly lower than the 2019 sector median of 29.20%.

## Metric 7 - Return on Capital Employed



The Return on Capital Employed gives an indication of how well LHP makes a financial return on the assets it owns. For 2020 the performance was 5.31%, which is better than 2019 (3.2%) and the 2019 sector median (3.80%).

Giving Value for Money to our Residents is a clearly stated priority within our corporate plan. Our strategy is to reduce our overhead costs and reallocate savings made to areas that matter most to our customers and delivering lower cost repairs through our in-house repairs service.

## Group Board

The Board comprises up to ten Board members, including executive members and co-optees, and is responsible for the organisation's strategy and policy framework and managing the affairs of the business.

The Board members are drawn from a wide background, bringing together professional, commercial and local experience.

Residents with the appropriate skills may serve on the Board. A robust independent Customer Scrutiny Panel

ensures that the organisation is held to account for the quality of its service delivery and the panel reports directly to the Board. There are a range of Service Improvement Panels and a diverse range of other ways for residents to get involved to shape and improve services.

The Board determines and sets the corporate vision, values and priorities. LHP have strengthened the Board during the year, appointed a new chair of the board and a senior independent board member.

# Strategic Report

## LHP Combined Board

<b>Anthony Read</b> <b>Chair</b>	<ul style="list-style-type: none"> <li>→ More than 30 years' experience in banking and finance, property finance, risk assurance and debt management</li> <li>→ Owner of a consultancy business</li> <li>→ Also Board member and Chair of the Audit Committee at Peaks and Plains Housing Trust</li> </ul>
<b>Carl Dewey</b> <b>Board Member</b>	<ul style="list-style-type: none"> <li>→ Over 25 years' experience within the social housing sector</li> <li>→ Extensive skills in financial management, sales, governance and health and safety compliance</li> <li>→ Currently the Director of Maintenance Services at Southern Housing Group</li> </ul>
<b>Jiggy Lloyd</b> <b>Board Member</b>	<ul style="list-style-type: none"> <li>→ Independent adviser to organisations on sustainability strategy, sustainable development and public policy</li> <li>→ Previously held senior posts in UK and multi-national companies</li> <li>→ Owner of a consultancy business</li> </ul>
<b>Rob Griffiths</b> <b>Board Member</b>	<ul style="list-style-type: none"> <li>→ Extensive experience in finance, risk management, treasury management and business reorganisations</li> <li>→ Deputy CEO &amp; CFO at Longhurst Group</li> <li>→ Chair of Housing SORP W/P, Member of the FRC Technical Advisory Group and employer representative to the SHPS</li> </ul>
<b>Paul Casey</b> <b>Board Member</b>	<ul style="list-style-type: none"> <li>→ More than 30 years' experience in the social housing sector</li> <li>→ Director of an affordable housing consultancy (HALO)</li> <li>→ Board member of Nottingham Community Housing Association and Horizon GP</li> </ul>
<b>Rob Jones</b> <b>Board Member</b>	<ul style="list-style-type: none"> <li>→ Rob has held a number of different commercial roles at Board level and senior roles in higher education</li> <li>→ Owner of a consultancy business, specialising in supporting a wide variety of businesses through strategic change projects</li> </ul>
<b>Yvonne Lowe</b> <b>Board Member</b>	<ul style="list-style-type: none"> <li>→ More than 25 years' experience in the housing association sector</li> <li>→ Qualified in governance, regulation, risk management and strategy</li> <li>→ 10 years working at a director level</li> <li>→ Freelance management consultant, working on business transformation projects</li> </ul>
<b>John Crowther</b> <b>Co-opted Board Member</b>	<ul style="list-style-type: none"> <li>→ Experienced Finance Director of many registered providers throughout the UK</li> <li>→ Chair of Audit &amp; Risk for Hundred Houses Society in Cambridge</li> <li>→ Previous engagements on many successful merger situations</li> </ul>
<b>Simon Parkes</b> <b>Board Member (Senior Independent Director)</b>	<ul style="list-style-type: none"> <li>→ Extensive experience at Board level</li> <li>→ Previously served in the Armed Forces and the Civil Service where he served on the boards of various departments</li> <li>→ Deputy Vice Chancellor of Finance and Infrastructure at the University of Lincoln</li> </ul>

# Strategic Report

## Annual Review of Performance

Homes and Communities Agency Interim Regulatory Judgement (April 2018)	Governance: G2 Viable: V2  The regulatory route for the rating was merger activity. The rating applied reflects the lower of the forming partners' prevailing ratings (Boston Mayflower G1, V1, Shoreline G2, V2).
Star Survey Results	<p>The results below reflect the position from our first residents' survey in September 2018. We measure customer satisfaction with their most recent repairs on an ongoing basis. We ended the year with a satisfaction rating in that area of 96.7%.</p> <ul style="list-style-type: none"> <li>→ <b>84.0% of customers</b> are satisfied with Lincolnshire Housing Partnership</li> <li>→ <b>85.7% of customers</b> think that their rent provides value for money</li> <li>→ <b>68.5% of customers</b> think that their service charges provide value for money</li> <li>→ <b>82.6% of customers</b> are satisfied with their area as a place to live</li> <li>→ <b>90.4% of customers</b> are satisfied with the quality of their home</li> <li>→ <b>80.2% of customers</b> are satisfied with the repairs and maintenance service</li> <li>→ <b>65.7% of customers</b> are satisfied that Lincolnshire Housing Partnership takes their views into account</li> </ul>
Investors in People	Accredited in Investors in People.
RoSPA Gold Medal	Awarded by the renowned safety charity the Royal Society for the Prevention of Accidents (RoSPA).
Gas Safe Register	Gas Safe Register Accredited
Telecare Services Authority	Accreditation achieved in 2019.
Credit Rating S&P Global	A+ Rating affirmed, April 2020 (Outlook Stable) Enterprise risk profile has improved by one level

## Registered Provider Regulation

As a Registered Provider of social housing (RP), the Association is regulated by the Regulator of Social Housing (RSH).

## Employees

The Association recognises its employees as one of its most valuable assets and invests accordingly in ongoing staff development. The Association holds accreditation in

# Strategic Report

Investors in People and is in the process of developing a talent management programme to recognise rising stars within LHP to aid succession planning.

All employees attend an external customer first training programme (MGI) to ensure that they have the skills to deliver excellent customer service

Levels of staff turnover, sickness, ethnic mix, gender and age balance are closely monitored and benchmarked on a regular basis against national and sector statistics. The average number of full-time equivalent staff was 359

The Association has an Equality and Diversity Policy and an Equal Opportunities Policy, both of which are underpinned by an Equality and Diversity Framework.

Pay has been benchmarked externally to ensure fairness and objectivity and a review of terms and conditions has been undertaken to align across the organisation.

LHP is an Equal Opportunities employer and is committed to taking positive action to ensure that job vacancies are known widely within the community and further afield where appropriate. We are an accredited 'Disability Confident' employer and positively encourage and support disabled people within the workplace.

A Health strategy has also been developed to support employee's health and wellbeing, with a focus on supporting people with mental health issues.

People from all backgrounds are encouraged to apply for vacancies regardless of race, gender, age, religion, sexual orientation, gender reassignment, marital status, pregnancy or disability, and we support both new and existing staff through agreed training and development plans through our Organisational Development Programme.

## Remuneration Policy

The Remuneration Committee, comprising the Chair and a minimum of two other Board members, is responsible for setting the Group's remuneration policy for its Executive Directors and other staff.

The Committee pays close attention to remuneration levels in the sector in determining the remuneration packages of the Executive Directors. Total Remuneration packages are set having regard to each Executive Director's responsibilities and pay levels for comparable positions.

The Executive Directors are employed on the same terms as other senior managers, their notice period is three months.

## Pensions

The group participates in three multi-employer pension schemes. These are the Lincolnshire County Council Local Government Pension Scheme (LGPS), the East Riding of Yorkshire Council Local Government Pension Scheme (LGPS) and the Social Housing Pension Scheme (SHPS) administered by The Pensions Trust (TPT).

## Resident Involvement

Customer First, and Listen, Act and Learn are key Corporate priorities for LHP. Consequently, LHP have worked with their customers to create a Customer Scrutiny Panel who interrogate their services, undertake in depth reviews and support to shape the services to best meet the needs of the customers. LHP have 6 Service Improvement Panels who monitor the service delivery, support to make positive changes using this customer feedback and challenge performance. LHP consistently use customer feedback to learn, update customers regarding how things have changed as a result of their feedback and celebrate these positive changes through the customer newsletters.

## Modern Slavery and Human Trafficking

The Group is committed to understanding modern slavery risks and ensuring that we comply with our legal and regulatory responsibilities, including the Modern Slavery Act 2015. We take care to ensure that slavery and human trafficking does not exist in any part of the Group.

# Strategic Report

## Internal Control and Risk Management

**The Board acknowledges it has ultimate responsibility for ensuring that the Association has in place a system of control that is appropriate to the various business environments in which it operates.**

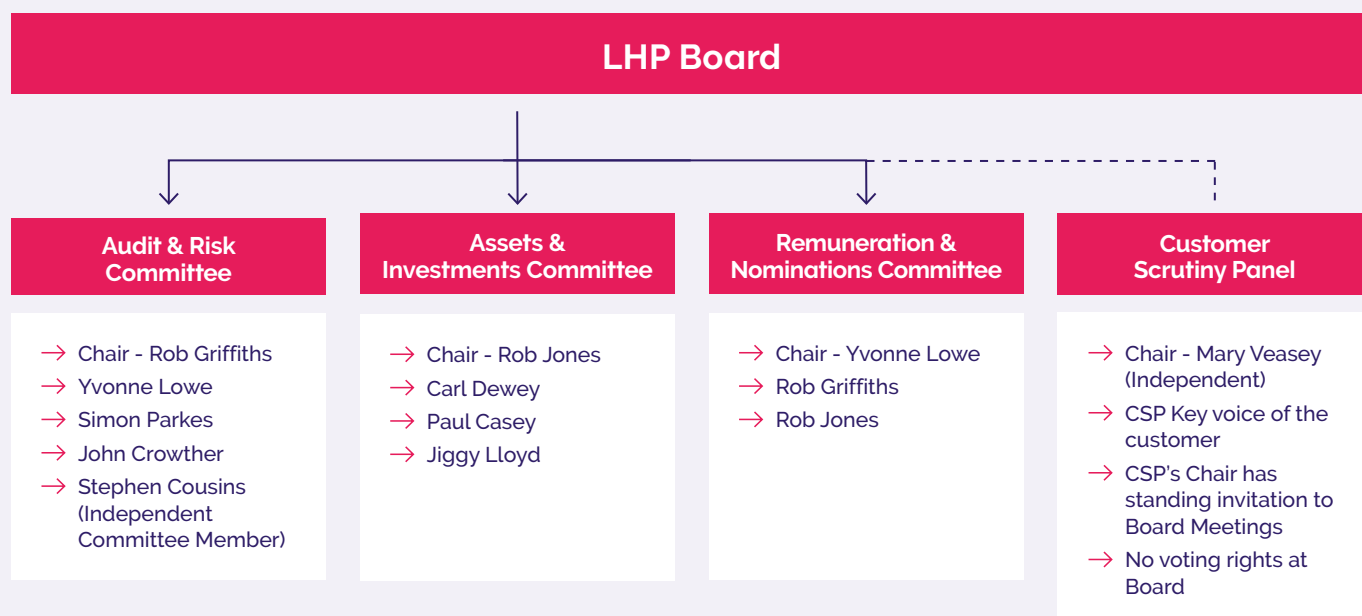
The Board recognises that the internal control system can provide reasonable but not absolute assurance against material misstatement or loss and are committed to continuous improvement in our internal control processes. The system of control is designed to manage key risks and to provide reasonable assurance that planned business objectives and outcomes are achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Association's assets and interests.

The Board retains overall responsibility for the governance of the organisation, with appropriate delegation of some of its duties to the three committees; the Audit & Risk Committee, the Assets & Investment Committee and Remuneration & Nominations Committee. The committees consider a range of strategic, operational, financial and compliance issues as defined in the Association's Standing Orders.

The Board continues to operate under the National Housing Federation Model Code of Conduct that was adopted as required by the Regulatory Framework.

Following the merger, LHP has strengthened its Board and welcomed new members with strong skill sets in Finance, Audit and Risk Management

## LHP Board



# Strategic Report

The LHP board has a sustained focus on improving governance and regulatory considerations, including focus on board reporting and the strategic risk register and the response to COVID-19 continues to emphasise this approach.

The board has an agreed and completed action plan submitted to RSH for Regulatory G1/V1 desktop assessment.

LHP's comprehensive process of assurance across all six areas of Landlord Health & Safety, with a tailored Landlord Health & Safety assurance framework is in place, incorporating internal and external testing on both a quantitative and qualitative basis.

## Internal Audit

From April 2019, KPMG was appointed as LHP's new internal auditors. KPMG tailor the audit strategy to align with our Strategic Risks to ensure a bespoke approach to organisational need. In developing the Audit Strategy KPMG considered LHP's current sources of assurance and prioritised reviews where any assurance gaps were noted.

Action was taken in relation to all identified audit recommendations, and progress made was monitored by our retained independent internal auditors throughout the remainder of the year. This process delivered improvements in performance, providing assurance in the areas of Welfare Reform, Repairs, RSH Compliance with Consumer Standards, Corporate Health and Safety, Complaints Landlord Health & Safety, and Financial Key Controls. Extensive work has also been undertaken to strengthen the process supporting regulatory returns.

The Financial Regulations are periodically reviewed and remain suitable for the business and operation of the Association; following amalgamation new Financial Regulations are supported by a framework of policies and procedures with which the employees must comply.

These cover issues such as treasury management, health and safety, data and asset protection and fraud prevention and detection.

Whistleblowing – The Group's Whistleblowing policy enables employees to raise issues on a confidential basis. Procedures exist to ensure any whistleblowing incidents are independently investigated promptly.

All organisations face a level of risk in almost all the things that they do. The diverse nature of a social housing provider's activities means that the organisation faces different types of risk that require different responses.

LHP has an established comprehensive Risk and Assurance Framework, which is fully embedded across the organisation operating at both a strategic level and across all operational departments. This is supported by a robust Internal Audit Program undertaken by KPMG, a suite of process compliance reviews undertaken by our internal risk and assurance team and a wide range of external 3rd party quality assurance testing across all areas of landlord health and safety and business and financial planning

LHP considers the risk profile against the Sector Risk Profile on an annual basis and we have identified the key risks that could impose on the achievement of our corporate objectives.

The Board have considered the possible impacts of Brexit, including multi-variance stress testing to understand the impact on the identified risks. LHP operates to a robust key control framework, with assurance on its effectiveness assessed through regular testing of the controls.

Identifying the significant risks and ensuring they are effectively managed is a key part of the Board's governance duty.

# Strategic Report



Our single consolidated performance and risk management system, allows for succinct reporting with a holistic approach

The Board considers its appetite for different types of risks on an annual basis. With a dedicated Board workshop and the approach to risk management cascaded and embedded into the wider business through a series of compulsory training events and workshops.

Over the course of the year the Board has actively considered and assessed the key strategic risks facing the organisation and responded to information presented by the Executive. The key financial risks are built into the process of stress testing, which is conducted on a quarterly basis; additional multi-variance stress testing has also been undertaken against the Bank of England's Disorderly Brexit scenario and a COVID-19 scenario, demonstrating financial resilience and establishing a realistic recovery plan in the event of catastrophic business failure.






The table on the following page summarises our principle risks in accordance with our risk appetite, in line with LHP's Risk and Assurance Policy, where a risk is classified as high or very high (a residual score equal to or exceeding 10). Assurance over the control of risks is achieved through continuous review and ongoing actions to ensure mitigations are in place to prevent crystallisation.

Over the course of the year the Board has actively considered and assessed the key strategic risks facing the organisation and responded to information presented by the Executive. The implications of the COVID-19 pandemic have been considered against each strategic risk.



*Over the course of the year the Board has actively considered and assessed the key strategic risks facing the organisation and responded to information presented by the Executive.*

# Strategic Report

Key Risk Area	Risk	Mitigations	Additional Covid-19 Mitigations
Governance and Compliance (Health and Safety) 	Failure of compliance with statutory landlords and corporate health and safety legislation	<ul style="list-style-type: none"> <li>→ Suite of compliance policies in place, reviewed by industry specialists, approved by Board.</li> <li>→ Operational reporting on daily status of all compliance areas</li> <li>→ In house gas and electricity delivery giving control over works completed</li> <li>→ Specialist Qualitative testing</li> <li>→ Staff training program</li> <li>→ Internal program of process compliance controls testing</li> </ul>	<ul style="list-style-type: none"> <li>→ Where access is not being granted for Annual Gas check, CO monitors are being delivered to customers who are advised of its importance</li> <li>→ Risk assessments being utilised prior to entering a customer's home with appropriate PPE worn</li> <li>→ Daily reporting in place for compliance</li> </ul>
Finance, Viability and VFM 	Decline in Income	<ul style="list-style-type: none"> <li>→ 16 stage income recovery process</li> <li>→ One to ones</li> <li>→ Rentsense software to support the management of tenant debt</li> <li>→ Weekly Performance Reporting</li> <li>→ Appropriate structures in place to support the customers- Knowing our customers</li> <li>→ Trained staff to offer money support advice</li> <li>→ Performance reporting in place</li> <li>→ Early warning systems</li> </ul>	<ul style="list-style-type: none"> <li>→ Adopted a supportive approach to managing debt recovery- taking a constructive individual approach.</li> <li>→ Person centred approach by the Income Team based on individual circumstances</li> <li>→ LHP is supporting customers to ensure they are provided with the right information regarding benefits at the right time and playing a supportive role to the DWP</li> </ul>
Customer service and satisfaction 	Risk of customer dissatisfaction and poor standards of service	<ul style="list-style-type: none"> <li>→ Customer involvement and empowerment Strategy</li> <li>→ Strong Scrutiny Panel</li> <li>→ Together with tenant's customer charter</li> <li>→ Lettings standards</li> <li>→ Neighbourhood Policies Complaints Policy ASB Policy</li> <li>→ Robust working partnerships with local partners</li> <li>→ Tenant involvement policy</li> <li>→ MGI staff training</li> <li>→ External assurance having achieved the Customer Service Excellence Standard</li> </ul>	<ul style="list-style-type: none"> <li>→ Enhanced customer communication through social media and direct mail</li> <li>→ Additional support calls to more vulnerable LHP customers</li> <li>→ Bespoke weekly performance reporting act as early warning indicator of dissatisfaction</li> </ul>
Customer service and satisfaction 	Impacts of UK non-EU status	<ul style="list-style-type: none"> <li>→ Additional multi-variance stress testing</li> <li>→ Minimum cash balances increased</li> <li>→ Detailed operational Brexit mitigation plan</li> <li>→ Ongoing monitoring of the supply chain</li> <li>→ Horizon scanning</li> </ul>	
Governance and Compliance (Health and Safety) 	Operational impact of flood or other natural disaster resulting in an emergency in LHP communities	<ul style="list-style-type: none"> <li>→ Documented emergency procedures</li> <li>→ Strong relationships with local authority- recovery support available in the event of disaster</li> <li>→ Local emergency planning procedures</li> <li>→ Tenant data up to date</li> </ul>	

# Strategic Report

## Governance

Lincolnshire Housing Partnership (LHP) is a charitable Community Benefit society registered under the Co-operative and Community Benefit Societies Act 2014.

As a registered provider of social housing we are regulated by the Regulator for Social Housing and Homes

England. We must comply with the Standards that together form the regulatory Framework. We are also regulated by the FCA as a Community Benefit Society. We work with HM Revenue and Customs to make sure that we comply with general charity law requirements.

### Internal Governance

The LHP Governance Structure is detailed below:



LHP has a Board made up of 9 independent non-executive Board members and supported by 3 committees which are made up of the Board members, Audit and Risk Committee has an additional Independent Committee Member. The Board and its' committees monitor LHP performance through KPIs and a robust assurance regime. LHP targets top quartile performance in all areas and monitors customer satisfaction; affordability of homes; health and building safety compliance; risk management and performance against business plan delivery.

The Customer Scrutiny Panel (CSP) is not part of LHPs formal governance structure. However, it does report its' findings to the Board or relevant committee and CSP's chair has a standing invite to Board meetings but no voting rights.

LHP must submit a number of statutory returns to the Regulator for Social Housing; the Charities Commission and Homes England. The Regulator for Social Housing carries out In Depth Assessments (IDA) where it assesses Social Landlords Performance against the regulatory standards.

LHP has a robust audit regime to ensure that it is complying with the Regulatory Standards and our internal rules.

LHP is committed to providing high quality and open governance and does this through ensuring that our Board and CSP are properly supported and trained to give the right level of scrutiny, support and challenge to the LHP Chief Executive, Directors and the wider business.

# Strategic Report



Good corporate governance is essential to the Group. It provides the basis for sustainable long-term business activity. LHP has adopted the 2015 National Housing Federation Excellence in Governance Code. The Code includes the following principles:

- Ethics
- Accountability
- Customer first
- Openness, diversity & inclusion
- Review & renewal
- Clarity
- Control
- Structure

The Association will continue to meet the principles of best practice set out in the Code. This means that the Board will continue to share via this annual Strategic Report information regarding the Board itself and the Committees that it operates. The Board considers that this annual Strategic Report is fair, balanced and understandable.

## Governance and Viability Standard

LHP complies with the Governance and Viability Standard of the Regulator of Social Housing (RSH). Our governance rating is G2 and our financial viability rating is V2. Blending the two organisations into a single new business has taken time and energy. Work is ongoing to achieve a recognition of a G1 V1 rating from the regulator, but it remains a goal to deliver this within a reasonable timeframe.



*LHP is committed to providing high quality and open governance and does this through ensuring that our Board and CSP are properly supported and trained to give the right level of scrutiny, support and challenge*

# Strategic Report

## Viability Statement

Having considered the plans and forecast of LHP and taking account of the advice received over the year from independent professional advisers on the business activity and the continued support of its funders, the Board has a reasonable expectation that the Group has adequate resources to continue operations for the foreseeable future.

For this reason, they continue to adopt the going concern basis in the preparation of these financial statements.

### COVID-19 Pandemic Operational & Asset Management Response

LHP swiftly responded to the COVID-19 situation, putting in place the Gold control team consisting of ELT members, Assurance Manager, Head of Communications and the Head of Commercial Services who meet regularly to ensure a co-ordinated and controlled response, enabling the organisation to continue delivering essential services to our communities, such as the Emergency Plus Repairs Service, and providing support to our most vulnerable Customers.

#### Additional measure in place to support activities;

- Weekly Performance Dashboard
- Daily Compliance Reporting
- Early roll out of laptops has allowed the offices to remain closed to all but essential users
- Additional training has been provided to management on managing teams remotely, this has helped ensure productivity has not declined
- Our customer contact centre remains fully operational, with offices made COVID-19 safe
- To date no significant impact on arrears has been experienced with a supportive targeted customer approach

- Our repairs programme has been reduced to emergency and essential work, reducing levels of spend. We continue to undertake compliance and health & safety work
- COVID-19 Risk Assessments completed prior to entering a customer's home, with PPE utilised when advised
- Our Key Controls have been adapted to align with new ways of working to ensure they remain robust
- Recovery Plans

### Financial Response

- Sufficient liquidity is in place to meet our internal liquidity policy until May 2023 when our current RCF expires
- Limited use of Government furloughing scheme where employee roles have been impacted by COVID-19 lockdown
- A robust range of COVID-19 stress testing and recovery planning has been undertaken and no breaches in financial covenant or internal golden rules are forecast
- Our small committed development programme means the current crisis will have a limited impact on our overall financial performance
- Temporary change in asset policy to ensure Decent Homes standards are maintained across all properties.

# Strategic Report

## Provision of information to the Auditor

All of the current Board members have taken the steps that they ought to have taken to ensure they are aware of any information needed by the Group's auditor for the purposes of their audit, and to establish that the auditor is aware of that information. The Board members are not aware of any relevant audit information of which the auditor is not aware.

## Going Concern

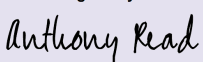
Having considered the plans and forecast of LHP and taking account of the advice received over the year from independent professional advisers on the business activity and the continued support of its funders, the Board has a reasonable expectation that the Group has adequate resources to continue operations for the foreseeable future. LHP also received Credit rating A+ with a stable outlook as at April 2020.

The Board have assessed the risk of the COVID-19 pandemic on LHP and concluded that there is limited negative impact to the ongoing business activity.


For this reason, they continue to adopt the going concern basis in the preparation of these financial statements.

## Statement of Compliance with Regulatory Standards

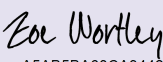
The Strategic Report has been prepared in accordance with applicable reporting standards and legislation. The Board can also confirm that the Group has complied with the Regulator of Social Housing's Governance and Financial Viability Standard.

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**Anthony Read**  
 Chair of the Board

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**Simon Parkes**  
 Board Member

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**Zoe Wortley**  
 Company Secretary

# Independent Auditor's Report to the Members

## Opinion

We have audited the financial statements of Lincolnshire Housing Partnership Limited (the Association) and its subsidiaries (the Group) for the year ended 31 March 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Reserves, the Consolidated Statement of Cash Flow and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

### In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2020 and of the Group's income and expenditure and the Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Cooperative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance

with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

We have nothing to report to you in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The Board of Management's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board of Management has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board of Management is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# Independent Auditor's Report to the Members

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.

## Responsibilities of the Board of Management

As explained more fully in the Statement of the Board's Responsibilities set out on page 10, the Board of Management is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Management is responsible for assessing the Group's and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Management either intends to liquidate the Group or the Association or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error,

and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's web-site at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Use of our report

This report is made solely to the Association, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association for our audit work, for this report, or for the opinions we have formed.

**Sue Hutchinson FCCA**  
(Senior Statutory Auditor)

For and on behalf of

Beever and Struthers, Statutory Auditor  
St George's House, 215/219 Chester Road,  
Manchester, M15 4JE

Date: 29 September 2020

DocuSigned by:

*Beever and Struthers*


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# Statement of Comprehensive Income


	Notes	Year Ended 31 March 2020		Year Ended 31 March 2019 Restated	
		Group	Association	Group	Association
		£'000	£'000	£'000	£'000
Turnover	2	53,139	53,119	52,832	52,815
Cost of sales	2	(1,511)	(1,511)	(1,896)	(1,896)
Operating expenditure	2	(37,210)	(37,210)	(42,862)	(42,862)
Gain on disposal of property, plant and equipment (fixed assets)	6	1,611	1,611	1,046	1,046
Operating surplus		16,029	16,009	9,120	9,103
Interest receivable		20	27	50	51
Interest and financing costs	7	(7,216)	(7,216)	(11,063)	(11,063)
Gift Aid		-	7	-	-
<b>Surplus/(deficit) before tax</b>	<b>8</b>	<b>8,833</b>	<b>8,827</b>	<b>(1,893)</b>	<b>(1,909)</b>
Taxation	9	-	-	-	-
<b>Surplus/(deficit) for the year after tax</b>		<b>8,833</b>	<b>8,827</b>	<b>(1,893)</b>	<b>(1,909)</b>
Initial recognition of multi-employer defined benefit scheme	12	-	-	(1,314)	(1,314)
Actuarial gain/(loss) in respect of pension schemes	12	4,343	4,343	(1,743)	(1,743)
<b>Total comprehensive income for the year</b>		<b>13,176</b>	<b>13,170</b>	<b>(4,950)</b>	<b>(4,966)</b>

## Statement of Compliance

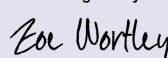
The financial statements on pages 40 to 95 were approved and authorised for issue by the Board on 15 September 2020 and were signed on its behalf by:

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**Anthony Read**  
 Chair of the Board

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**Simon Parkes**  
 Board Member

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**Zoe Wortley**  
 Company Secretary

The consolidated and parent results relate wholly to continuing activities and the notes on pages 48 to 95 form an integral part of these accounts.

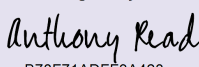


# Statement of Financial Position


	Notes	As at 31 March 2020		As at 31 March 2019 Restated	
		Group	Association	Group	Association
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible fixed assets	13	296,778	296,391	285,575	285,185
Investment in subsidiaries	14	-	13	-	13
		296,778	296,404	285,575	285,198
Current assets					
Properties in the course of sale	16	901	901	1,339	1,339
Stock	15	119	119	114	114
Trade and other debtors	17	2,427	2,721	937	1206
Cash and cash equivalents	18	11,780	11,629	5,621	5,504
Less: Creditors: Amounts falling due within one year	19a	(10,161)	(10,071)	(9,622)	(9,532)
Net current assets/(liabilities)		5,066	5,299	(1,611)	(1,369)
Total assets less current liabilities		301,844	301,703	283,964	283,829
Creditors: amounts falling due after more than one year	19b&c	(181,807)	(181,807)	(172,620)	(172,620)
Provisions for liabilities					
Pension provision	12	(3,749)	(3,749)	(8,232)	(8,232)
Total net assets		116,288	116,147	103,112	102,977
Reserves					
Non-equity share capital	23	-	-	-	-
Income and expenditure reserve		71,382	71,241	57,362	57,227
Revaluation reserve		44,902	44,902	45,746	45,746
Restricted reserves		4	4	4	4
Total reserves		116,288	116,147	103,112	102,977

## Statement of Compliance


The financial statements on pages 40 to 95 were approved and authorised for issue by the Board on 15 September 2020 and were signed on its behalf by:

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**Anthony Read**  
**Chair of the Board**

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**Simon Parkes**  
**Board Member**

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 ...A5AB5BA68CA3442...

**Zoe Wortley**  
**Company Secretary**

The consolidated and parent results relate wholly to continuing activities and the notes on pages 48 to 95 form an integral part of these accounts.



# Consolidated Statement of Changes in Reserves

	Income and expenditure reserve	Restricted reserves	Revaluation	Total Reserves
	£'000	£'000	£'000	£'000
<b>Balance as at 31 March 2018</b>	<b>61,739</b>	<b>4</b>	<b>46,319</b>	<b>108,062</b>
Increase in investment properties valuation	-	-	-	-
Surplus from Statement of Comprehensive Income	(1,140)	-	-	(1,140)
Initial recognition of multi-employer defined benefit scheme revaluation from Statement of Comprehensive Income	(1,314)	-	-	(1,314)
Pension revaluation from Statement of Comprehensive Income	(1,743)	-	-	(1,743)
Transfer from revaluation reserve to income and expenditure reserves	573	-	(573)	-
<b>Balance as at 31 March 2019</b>	<b>58,115</b>	<b>4</b>	<b>45,746</b>	<b>103,865</b>
Prior Period Adjustment (Note 29)	(753)	-	-	(753)
Restated Balance as at 31 March 2019	57,362	4	45,746	103,112
Surplus from Statement of Comprehensive Income	8,833	-	-	8,833
Pension revaluation from Statement of Comprehensive Income	4,343	-	-	4,343
Transfer from revaluation reserve to income and expenditure reserves	844	-	(844)	-
<b>Balance as at 31 March 2020</b>	<b>71,382</b>	<b>4</b>	<b>44,902</b>	<b>116,288</b>

The notes on pages 48 to 95 form an integral part of these accounts.

# Consolidated Statement of Cash Flows

	Year Ended 31 March 2020	Year Ended 31 March 2019 Restated
	£'000	£'000
<b>Net cash generated from operating activities</b>	<b>22,171</b>	<b>18,250</b>
<b>Cash flow from investing activities</b>		
Purchase of tangible fixed assets	(21,652)	(26,047)
Proceeds from sale of tangible fixed assets	3,301	2,490
Grants received	35	764
Interest received	20	51
	<b>(18,296)</b>	<b>(22,742)</b>
<b>Cash flow from financing activities</b>		
Interest paid and similar charges	(7,216)	(11,063)
New secured loans	9,500	-
Repayment of borrowings	-	(9,600)
	<b>2,284</b>	<b>(20,663)</b>
<b>Net change in cash and cash equivalents</b>	<b>6,159</b>	<b>(25,155)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>5,621</b>	<b>30,776</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>11,780</b>	<b>5,621</b>

# Consolidated Statement of Cash Flows

	Year Ended 31 March 2020	Year Ended 31 March 2019 Restated
	£'000	£'000
Surplus / (deficit) for the year	13,176	(4,950)
<b>Adjustments for non-cash items:</b>		
Depreciation of tangible fixed assets	9,037	8,022
Amortisation of loan issue costs	24	211
(Increase) / decrease in properties in the course of sale	438	395
(Increase) / decrease in stock	(5)	(26)
(Increase) / decrease in trade and other debtors	(1,490)	1,700
Increase / (decrease) in trade and other creditors	171	1,124
Increase / (decrease) in provisions	(4,483)	2,865
Carrying amount of tangible fixed asset disposals	2,254	1,317
<b>Adjustments for investing or financing activities:</b>		
Proceeds from the sale of tangible fixed assets	(3,301)	(2,490)
Government grants utilised in the year	(846)	(930)
Interest payable	7,216	11,063
Interest received	(20)	(51)
<b>Net cash generated from operating activities</b>	<b>22,171</b>	<b>18,250</b>



# Notes to the Financial Statements

## Legal Status

The Group Company (Lincolnshire Housing Partnership) is a registered society in England under the Co-operative and Community Benefit Societies Act 2014. It has exempt charitable status and is registered with the Regulator for Social Housing as a Registered Provider (RP) of social housing. Registered office is Westgate Park, Charlton Street, Grimsby, North Lincolnshire DN31 1SQ. Lincolnshire Housing Partnership's principal activity is to provide social housing.

The Group comprises the following entities:

Name	Incorporation	Registered / Non-registered
Lincolnshire Housing Partnership	Co-operative and Community Benefit Societies Act 2014	Registered
Humber Homes Limited	Companies Act 2006	Non-registered
Speedwell Homes Limited	Companies Act 2006	Non-registered
Boston Mayflower Finance plc	Companies Act 2006	Non-registered

## 1. Principal Accounting Policies

The principal accounting policies are summarised below. They have been applied consistently throughout the year.

### Basis of accounting

The Group's financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2018. The Group is required under the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 to prepare consolidated Group financial statements.

The financial statements comply with the Co-operative and Communities Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the accounting direction for

Private Registered Providers of Social Housing 2019. The financial statements are prepared on the historical cost basis of accounting (including deemed cost upon adoption of FRS102) and are presented in sterling £'000 for the year ended 31 March 2020.

The Group's financial statements have been prepared in compliance with FRS102. In complying with FRS102 the Group and Association meets the definition of a Public Benefit Entity.

### Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS102:

- No cash flow statement has been presented for the parent company,
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole.
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

### Basis of consolidation

The Group financial statements consolidate the financial statements of Lincolnshire Housing Partnership and its subsidiary undertakings up to 31st March 2020.

### Going Concern

Lincolnshire Housing Partnership has considerable resources and, therefore, the Board believes the Group is well placed to manage its business risks successfully despite current uncertainties in the social housing sector and the current pandemic. The Board has a reasonable expectation that the Group has adequate resources to continue operations for the foreseeable future. For this reason, they continue to adopt the going concern basis in the preparation of these financial statements.

# Notes to the Financial Statements

## Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

### a. Development expenditure.

The Group capitalises development expenditure in accordance with the accounting policy described on pages 51 and 52. Initial capitalisation of costs is based on management's judgement that development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

### b. Categorisation of housing properties.

The Group has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Group has considered if the asset is held for social benefit or to earn commercial rentals. The Group has determined that market rented properties are investment properties. The Group has identified a cash generating unit for impairment assessment purposes at a property scheme level.

### c. Impairment.

Reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in a cash generating unit is recognised by a charge to the Statement of Comprehensive Income. Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value or its value in use. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified.

The Group perform impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available

data from sales transactions in an arm's length transaction on similar cash generating units (properties) or observable market prices less incremental costs for disposing of the properties. The value in use calculation is based on either a depreciated replacement cost or a discounted cash flow model. The depreciated replacement cost is based on available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential to the Association as the existing property. The cash flows are derived from the business plan for the next 30 years. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

In response to the COVID-19 pandemic no impairment triggers have been identified. Cashflow forecasts have not been affected by the pandemic and demand for social housing in Lincolnshire remains high. There has been no indication of a reduction in property sale values for stock LHP have disposed of.

### d. Pension and other post-employment benefits.

The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which they are based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific sector. Future salary increases and pension increases are based on expected future inflation rates for the respective sector. Further details are given in note 12 on pages 66 to 75.

# Notes to the Financial Statements

## e. Bad debt provision.

LHP make a provision for rental arrears, which are considered to be non-recoverable. The full value of former tenant debt is provided for. The provision for current tenant debt is calculated based upon the value of the debt. During the year the calculation method for the bad debt provision was revised bringing the LHP provision percentage closer to the industry average in the global accounts.

## Other key sources of estimation and assumptions:

### a. Tangible fixed assets.

Completed housing properties at FRS 102 transition date are stated at deemed cost at the transition date and subsequently at cost and all other tangible fixed assets are held at historic cost. Both are depreciated over their useful lives considering residual values, where appropriate. For housing property assets, the assets are broken down into components based on management's assessment of the properties. The actual lives of the assets and residual values are assessed annually and may vary depending on several factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are considered. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. The carrying value of tangible fixed assets at 31 March 2020 was £296.8 million.

### b. Rental and trade debtors

The estimate for receivables relates to the recoverability of balances outstanding at the year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

## Merger Accounting

Where merger accounting is used the investment is recorded in the associations at the nominal value of the shares issued together with the fair value of any additional consideration paid. In the Group's financial statements, merger subsidiary undertakings are treated as if they had already been a member of the group. The results of such a subsidiary are included for the whole period in the year it joins the group. The corresponding figures for the previous year include its results for that

period, the assets and liabilities at the previous balance sheet date and the shares issued by the association as consideration as if they had always been in issue.

## Turnover and revenue recognition

Turnover represents rental income receivable, amortised capital grant, revenue grants from local authorities and Homes England, income from the sale of shared ownership and other properties developed for outright sale and other income and are recognised in relation to the period when the goods or services have been supplied.

Rental income is recognised when the property is available for let, net of voids. Income from property sales is recognised on legal completion. Supporting People income is recognised under the contractual arrangements.

## Support income and costs including Supporting People income and costs

Supporting People (SP) contract income received from Administering Authorities is accounted for as SP income in the Turnover as per note 2 on pages 56 to 58. The related support costs are matched against this income in the same note.

Support charges included in the rent are included in the Statement of Comprehensive Income from social housing lettings note 3 on pages 59 to 60 and matched against the relevant costs.

## Service charges

Service charge income and costs are recognised on an accrual's basis. The Group operates fixed service charges on a scheme-by-scheme basis in full consultation with residents. Where periodic expenditure is required a provision may be built up over the years, in consultation with the residents; until these costs are incurred this liability is held in the Statement of Financial Position within long-term creditors.

## Loan interest costs

Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and amount of maturity of the related loan.

# Notes to the Financial Statements

## Loan finance issue costs

These are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised. Where loans are redeemed during the year, any redemption penalty and any connected loan finance issue costs are recognised in the Statement of Comprehensive Income account in the year in which the redemption took place.

## Taxation

Lincolnshire Housing Partnership has charitable status and is not subject to Corporation Tax.

For the subsidiary companies the tax expense for the period comprises current and deferred tax. Tax is recognised in profit and loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated based on tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Group operates and generate taxable income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits,
- Any deferred tax balances are reversed when all conditions for retaining associated tax allowances have been met, and
- Where timing differences relate to interests in subsidiaries and the Group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair value of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

## Value Added Tax (VAT)

The Group charges VAT on some of its income and can recover part of the VAT it incurs on expenditure. All amounts disclosed in the accounts are inclusive of VAT to the extent that it is suffered by the Group and not recoverable.

## Tangible fixed assets and depreciation

Housing properties are stated at either historical cost or deemed cost at transition date to FRS102 on 1 April 2014 and at cost thereafter, less accumulated depreciation.

Housing properties under construction are stated at cost and are not depreciated. These are reclassified as housing properties on practical completion of construction.

Freehold land is not depreciated.

Where a housing property comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL.

Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred.

The Group depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories.

# Notes to the Financial Statements

## UELs for identified components are as follows:

- Structure – 80-120 Years
- Roofs – 60-70 Years
- Windows and Doors – 30 Years
- Bathroom – 25-30 Years
- Kitchen – 20 Years
- Central Heating / Boiler – 15-30 Years
- Lifts – 35-40 Years
- Wiring / Electrical – 30 Years
- Garages-30 Years
- Facias, guttering and soil pipes – 30 Years

The Group depreciates housing properties held on long term leases in the same manner as freehold properties, except where the unexpired lease term is shorter than the longest component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category.

Depreciation is charged on other tangible fixed assets on a straight- line basis over the expected economic useful lives which are as follows:

- Office Buildings – 100 Years
- Computer equipment & software – 3 Years
- Improvements/Refurbishing Leasehold Premises – 5 Years
- Motor Vehicles – 3 Years
- Other equipment – 10 Years
- Fixtures and fittings – 10 Years

## Shared ownership properties

The costs of shared ownership properties are split between current and fixed assets based on the first tranche portion. The first tranche portion is accounted for as a current asset and the sale proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset and subsequent sales treated as sales of fixed assets.

## Capitalisation of administration costs

Administration costs relating to development activities are capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property into their intended use.

## Operating leases

Payments are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

## Investment property

Investment property includes market rented properties not held for the social benefit of the Group.

There are 12 market rented properties within the Group. There are 9 market rented properties within the Association. These are not designated as investment properties as the number of properties is immaterial to the Group and were acquired as part of a stock transfer so are not held for commercial reasons.

## Valuation of investments

The Association holds £50K shares with £37.5k unpaid in its subsidiary, Boston Mayflower Finance plc at cost less impairment. There are no other investments.

## Stock and properties held for sale

Stock of materials are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

Properties developed for shared ownership are included in current assets as they are intended to be sold, at the lower of cost or estimated selling price less costs to complete and sell.

At each reporting date, stock and properties held for sale are assessed for impairment. If there is evidence of impairment, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in Statement of Comprehensive Income.

## Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

# Notes to the Financial Statements

## Social Housing and other government grants

Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been accounted for in accordance with the performance model adopted at transition.

Post transition, where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in Turnover over the estimated useful life of the associated asset structure (not land), under the accruals model. Social Housing Grant (SHG) received for items of cost written off in the Statement of Comprehensive Income Account is included as part of Turnover.

Where there is a government grant associated with housing properties as part of a stock transaction, the fair value of the obligation to repay or recycle the government grant is reflected in the fair value of the housing properties and therefore no additional value is attributed to the government grant transferred.

SHG must be recycled by the Group under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by the Homes England. SHG may however have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as Turnover. In certain circumstances, SHG may be repayable, and, in that event, is a subordinated unsecured repayable debt.

## Recycling of capital grant

Where Social Housing Grant is recycled, as described above, the SHG is credited to a fund which appears as a creditor until used to fund the acquisition of new properties, where recycled grant is known to be repayable it is shown as a creditor within one year.

## Disposal Proceeds Fund (DPF)

Historical receipts from the sale of SHG funded properties less the net book value of the property and the costs of disposal were credited to the DPF up until 5 April 2017 when due to de-regulatory measures there are no longer requirements to show new proceeds from relevant disposals in the DPF. This creditor is carried forward until it

is used to fund the acquisition of new social housing. In accordance with paragraph 2 of The Accounting Direction for Private Registered Providers of Social Housing 2019, the DPF will operate until 6 April 2020

## Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

## Retirement benefits

Pension and other post-employment benefits. The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific sector. Future salary increases and pension increases are based on expected future inflation rates for the respective sector.

LHP participates in three schemes. The Social Housing Pension Scheme (SHPS), a defined benefit multi-employer pension scheme administered by TPT Retirement Solutions (TPT). TPT also provide the defined contribution auto enrolment scheme. The Lincolnshire County Council Pension Fund and the East Riding Pension Fund are both multi-employer defined benefit Local Government Pension Schemes (LGPS). Further details are given in note 12.

# Notes to the Financial Statements

## Revaluation Reserve

The revaluation reserve represents the difference on transition between the fair value of social housing properties and other assets and the historical cost carrying value, where deemed cost transitional relief was taken.

## Restricted reserves

The Group restricts those reserves which have been set aside for uses which prevent them from being regarded as part of the free reserves of the Association. This currently stands at £4k and relates to Lottery Grant received for schemes which has now completed. It is intended to release this grant in 2020/21.

## Financial instruments

Financial assets and financial liabilities are measured at transaction price initially, plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

At the end of each reporting period, financial instruments are measured as follows, without any deduction for transaction costs the entity may incur on sale or other disposal. Debt instruments that meet the conditions in paragraph 11.8(b) of FRS 102 are measured at amortised cost using the effective interest method, except where the arrangement constitutes a financing transaction. In this case the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt.

Commitments to receive or make a loan to another entity which meet the conditions in para 11.8(c) of FRS 102 are measured at cost less impairment.

## Financial instruments held by the Group are classified as follows:

Financial assets and financial liabilities are measured at transaction price initially, plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**At the end of each reporting period, financial instruments are measured as follows, without any deduction for transaction costs the entity may incur on sale or other disposal:**

Debt instruments that meet the conditions in paragraph 11.8(b) of FRS 102 are measured at amortised cost using the effective interest method, except where the arrangement constitutes a financing transaction. In this case the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt.

- Financial assets such as cash, current asset investments and receivables are classified as loans and receivables and held at amortised cost using the effective interest method,
- Financial liabilities such as bonds and loans are held at amortised cost using the effective interest method,
- Loans to or from subsidiaries including those that are due on demand are held at amortised cost using the effective interest method,
- Commitments to receive or make a loan to another entity which meet the conditions above are held at cost less impairment,

An investment in another entity's equity instruments other than non-convertible preference shares and non-puttable ordinary and preference shares are held at cost less impairment.

## Loans

All loans held by the Group are classified as basic financial instruments in accordance with FRS 102. They are measured at transaction price plus transaction costs initially, and subsequently at amortised cost using the effective interest rate method. Loans repayable within one year are not discounted.

## Impairment of financial assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired. If

# Notes to the Financial Statements

there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

**The following financial instruments are assessed individually for impairment:**

- a. All equity instruments regardless of significance; and
- b. Other financial assets that are individually significant.

Other financial instruments are assessed for impairment either individually or grouped based on similar credit risk characteristics.

**An impairment loss is measured as follows on the following instruments measured at cost or amortised cost:**

- a. For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.
- b. For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date.
- c. If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed either directly or by adjusting an allowance account. The reversal cannot result in a carrying amount (net of any allowance account) which exceeds what the carrying amount would have been had the impairment not previously been recognised. The amount of the reversal is recognised in profit or loss immediately.

**Segmental Reporting**

As Boston Mayflower Finance plc holds debt, which is Publicly traded, the parent body, Lincolnshire Housing Partnership, is required to disclose consolidated information about its operating segments in accordance with IFRS 8. The Chief Operating Decision Maker (CODM) has been identified as the Group Executive Directors.

The Group Executive Directors have identified the operating segments as General Needs & Supported Housing and Low-Cost Home Ownership, reflecting the way in which the organisation is operated and managed. The Group Executive Directors receive information regarding the financial and operational performance of these segments on a regular basis.

General Needs & Supported Housing incorporates all our social rented housing provision, including both social rent and affordable rent properties. Income is derived primarily from rent and service charges.

Low Cost Home Ownership comprises those properties where we have sold a proportion of the equity share to the occupier whilst retaining the remaining equity and the freehold of the property. Income is derived from service charges in respect of the properties and from rent charged on the unsold equity element of the properties.

Analysis of the Statement of Comprehensive Income by segment is provided in notes 2 and 3 to these financial statements. Our management reporting structure does not require analysis of assets and liabilities by segment, and these are therefore not included in the analysis of segmental reporting.

# Notes to the Financial Statements

## 2a. Turnover, cost of sales, operating expenditure and operating surplus

Group	2020			
	Turnover	Cost of sales	Operating expenditure	Operating surplus
	£'000	£'000	£'000	£'000
Social housing lettings (note 3a)	50,486	-	(36,623)	13,863
<b>Other social housing activities</b>				
Low cost home ownership sales	1,953	(1,511)	-	442
<b>Activities other than social housing</b>				
Telecare services to third parties	575	-	(557)	18
Community support	31	-	(30)	1
Residual income	65	-	-	65
Market rent	29	-	-	29
<b>Total</b>	<b>53,139</b>	<b>(1,511)</b>	<b>(37,210)</b>	<b>14,418</b>

Group	2019 Restated			
	Turnover	Cost of sales	Operating expenditure	Operating surplus
	£'000	£'000	£'000	£'000
Social housing lettings (note 3a)	49,964	-	(42,607)	7,357
<b>Other social housing activities</b>				
Low cost home ownership sales	2,365	(1,896)	-	469
Supporting people	24	-	-	24
<b>Activities other than social housing</b>				
Telecare services to third parties	304	-	(225)	79
Community support	32	-	(30)	2
Residual income	92	-	-	92
Market rent	51	-	-	51
<b>Total</b>	<b>52,832</b>	<b>(1,896)</b>	<b>(42,862)</b>	<b>8,074</b>

# Notes to the Financial Statements

## 2b. Turnover, cost of sales, operating expenditure and operating surplus

Association	2020			
	Turnover	Cost of sales	Operating expenditure	Operating surplus
	£'000	£'000	£'000	£'000
Social housing lettings (note 3b)	50,466	-	(36,623)	13,843
<b>Other social housing activities</b>				
Low cost home ownership sales	1,953	(1,511)	-	442
<b>Activities other than social housing</b>				
Telecare services to third parties	575	-	(557)	18
Community support	31	-	(30)	1
Residual income	65	-	-	65
Market rent	29	-	-	29
<b>Total</b>	<b>53,119</b>	<b>(1,511)</b>	<b>(37,210)</b>	<b>14,398</b>

Association	2019 Restated			
	Turnover	Cost of sales	Operating expenditure	Operating surplus
	£'000	£'000	£'000	£'000
Social housing lettings (note 3b)	49,964	-	(42,607)	7,357
<b>Other social housing activities</b>				
Low cost home ownership sales	2,365	(1,896)	-	469
Supporting people	24	-	-	24
<b>Activities other than social housing</b>				
Telecare services to third parties	304	-	(225)	79
Community support	32	-	(30)	2
Residual income	92	-	-	92
Market rent	34	-	-	34
<b>Total</b>	<b>52,815</b>	<b>(1,896)</b>	<b>(42,862)</b>	<b>8,057</b>

# Notes to the Financial Statements

## 2c. Big Lottery Fund grant

Boston Mayflower Limited received payments during the year to 31 March 2016 from the Big Lottery Fund, totalling £160,091, with (£86,802) being forwarded to Partners in the Improving Financial Confidence project. The net grant has been treated as a restricted grant and accordingly has been spent totally on the Improving Financial Confidence project.

	2020	2019
	£	£
Unspent Grant Balance brought forward	4,398	4,398
Add Grant Awarded in Year	-	-
Less Grant to Partners	-	-
Net Grant Available in Year	4,398	4,398
Less Expenditure in Year	-	-
<b>Unspent Grant Balance</b>	<b>4,398</b>	<b>4,398</b>

# Notes to the Financial Statements

## 3a. Turnover, operating expenditure and operating surplus

Group	Rented Housing	Low Cost Home Ownership	Other	Total 2020	Total 2019 Restated
	£'000	£'000	£'000	£'000	£'000
<b>Income</b>					
Rent receivable net of identifiable service charge	45,875	602	629	47,106	46,165
Service charge income	2,134	62	290	2,486	2,434
Amortised government grants	762	-	-	762	798
Other Income from Social Housing Lettings	110	1	21	132	567
<b>Turnover from Social Housing Lettings</b>	<b>48,881</b>	<b>665</b>	<b>940</b>	<b>50,486</b>	<b>49,964</b>
<b>Operating expenditure</b>					
Management	15,906	-	17	15,923	16,021
Service charge costs	2,320	-	281	2,601	2,381
Routine maintenance	7,422	-	-	7,422	7,022
Planned maintenance	1,618	-	-	1,618	3,032
Major repairs expenditure	333	-	-	333	1,169
Bad debts	(77)	(4)	(17)	(98)	615
Depreciation of Housing Properties	8,645	179	-	8,824	7,719
Demolition costs	-	-	-	-	4,648
<b>Operating expenditure on Social Housing Lettings</b>	<b>36,167</b>	<b>175</b>	<b>281</b>	<b>36,623</b>	<b>42,607</b>
<b>Operating Surplus on Social Housing Lettings</b>	<b>12,714</b>	<b>490</b>	<b>659</b>	<b>13,863</b>	<b>7,357</b>
<b>Void losses</b> (being rental income lost as a result of a property not being let, although it is available for letting)	<b>820</b>	<b>5</b>	<b>134</b>	<b>959</b>	<b>846</b>

# Notes to the Financial Statements

## 3b. Turnover, operating expenditure and operating surplus

Association	Rented Housing	Low Cost Home Ownership	Other	Total 2020	Total 2019 Restated
	£'000	£'000	£'000	£'000	£'000
<b>Income</b>					
Rent receivable net of identifiable service charge	45,855	602	629	47,086	46,165
Service charge income	2,134	62	290	2,486	2,434
Amortised government grants	762	-	-	762	798
Other Income from Social Housing Lettings	110	1	21	132	567
<b>Turnover from Social Housing Lettings</b>	<b>48,861</b>	<b>665</b>	<b>940</b>	<b>50,466</b>	<b>49,964</b>
<b>Operating expenditure</b>					
Management	15,906	-	17	15,923	16,021
Service charge costs	2,320	-	281	2,601	2,381
Routine maintenance	7,422	-	-	7,422	7,022
Planned maintenance	1,618	-	-	1,618	3,032
Major repairs expenditure	333	-	-	333	1,169
Bad debts	(77)	(4)	(17)	(98)	615
Depreciation of Housing Properties	8,645	179	-	8,824	7,719
Demolition costs	-	-	-	-	4,648
<b>Operating expenditure on Social Housing Lettings</b>	<b>36,167</b>	<b>175</b>	<b>281</b>	<b>36,623</b>	<b>42,607</b>
<b>Operating Surplus on Social Housing Lettings</b>	<b>12,694</b>	<b>490</b>	<b>659</b>	<b>13,843</b>	<b>7,357</b>
<b>Void losses</b> (being rental income lost as a result of a property not being let, although it is available for letting)	<b>820</b>	<b>5</b>	<b>134</b>	<b>959</b>	<b>846</b>

# Notes to the Financial Statements

## 4. Accommodation owned, managed and in development

	2019		2020	
	No. of Properties		No. of Properties	
	Owned	Managed	Owned	Managed
<b>Social Housing Under development at the end of year:</b>				
General needs housing intermediate rent	47	-	24	-
General needs housing affordable rent	-	-	2	-
General needs housing social rent	-	-	17	-
Low-cost home ownership	25	-	21	-
	72	-	64	-

	2019					2020	
	No. of Properties					No. of Properties	
	Owned	Managed	Additions	Disposals	Other	Owned	Managed
<b>Under management at the end of the year:</b>							
General needs housing	10,054	7	80	(115)	(1)	10,018	7
Supported housing and housing for older people	1,844	-	-	(64)	(19)	1,761	-
Low-cost home ownership	252	-	46	(5)	(3)	290	-
Extra care housing	30	-	-	-	-	30	-
Leasehold properties	360	-	-	-	(360)	-	-
Total owned and managed	12,540	7	126	(184)	(383)	12,099	7
<b>Non-Social Housing Under management at the end of the year:</b>							
Market rented	12	7	-	-	-	12	7
Leasehold Properties	-	-	-	-	364	364	-
	12	7	-	-	364	376	7

# Notes to the Financial Statements

## 5. Accommodation managed by and leased to others

	2020	2019
	No. of Properties	No. of Properties
General needs	12	12
Supported housing	58	58
Non-social housing	22	22
	92	92

Lincolnshire Housing Partnership owns property managed by or leased to other bodies.

## 6. Profit on disposal of property, plant and equipment (fixed assets)

Group and Association	Right to Buy/ Right to Acquire sales of housing properties	Outright sales of housing properties	Shared ownership staircasing sales	Total 2020	Total 2019
	£'000	£'000	£'000	£'000	£'000
Proceeds of sales	2,159	653	489	3,301	2,489
Less: Costs of sales	(925)	(193)	(572)	(1,690)	(1,443)
Total				1,611	1,046

The outright sales follow the stock rationalisation project to dispose of any housing properties where the cost to maintain is greater than future benefits.

# Notes to the Financial Statements

## 7. Interest and financing costs

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Defined benefit pension charge	194	173	194	173
On loans repayable within five years	4	-	4	-
On loans wholly or partly repayable in more than five years	6,763	£10,536*	6,763	10,536*
Costs associated with financing	255	354	255	354
	7,216	11,063	7,216	11,063

\* 2019 includes £4.2m of loan breakage costs arising from the refinancing of ex Shoreline debt of £69.6m on 18th May 2018.

## 8. Surplus on ordinary activities

	2020	2019
	£'000	£'000
The operating surplus stated after charging / (crediting)		
Auditors remuneration (excluding VAT):		
Audit of the group financial statements	36	39
Audit of subsidiaries	1	1
Fees payable to the Association's auditor and its associates for other services to the Group:		
Taxation compliance services	1	1
Service charge certification	4	4
Depreciation of housing properties	8,824	£7,719
Depreciation of other fixed assets	213	304
Surplus on sale of other fixed assets	(1,611)	(1,046)

## 9. Taxation

No taxation charge arises as the Association has been granted charitable status accepted by HMRC.

# Notes to the Financial Statements

## 10. Directors' remuneration

	2020	2019
	£'000	£'000
The aggregate emoluments paid to or receivable by non- executive Directors and former non-executive Directors	67	68
The aggregate emoluments paid to or receivable by executive Directors and former executive Directors	679	617
The aggregate emoluments paid to or receivable by Directors (key management personnel)	679	617
The emoluments paid to the highest paid Director excluding pension contributions	147	147
The aggregate amount of any consideration payable to or receivable by third parties for making available the services of a Director	-	68
The aggregate amount of any consideration payable to Directors for loss of office	-	-

Murry Macdonald is the Chief Executive of LHP and the highest paid director. His remuneration in relation to the period of account amounted to £147,430 (2019: £147,000). He is a member of the defined benefit pension scheme. The scheme was funded in line with the pension scheme guidelines for the Group, to which the Group contribute £35,115 for the year ended 31 March 2020 (2019: £35,115)

Emoluments were made to the following members of the board

		2020	2019
Name	Appointed/ Resigned	£	£
Anthony Read	Appointed 17/09/19	8,068	-
Lynda Bowen	Resigned 17/09/19	7,483	12,000
Rob Jones		7,500	7,500
Robert Griffiths		7,500	7,952
Stephen Cousins		2,000	2,000
Jiggy Lloyd		5,000	5,000
Yvonne Lowe		7,292	5,000
Stephen Savage	Resigned 10/04/19	462	15,000
Paul Casey		5,000	5,000
Carl Dewey		6,000	5,667
John Crowther		5,000	1,667
Simon Parkes		5,786	1,667
		67,091	68,453

# Notes to the Financial Statements

## 11. Employee information

	2020	2019
	No.	No.
<b>The average number of persons employed during the year expressed in full time equivalents (37 hours per week) was:</b>		
Office staff	252	234
Wardens, caretakers and cleaners	12	8
Operatives	95	71
	359	313
<b>Staff costs</b>		
	£'000	£'000
Wages and salaries	10,606	9,257
Social Security costs	970	834
Other pension costs	925	1,497
Redundancy Costs	38	87
	12,501	11,675
<b>Aggregate number of full-time equivalent staff whose remuneration exceeded £60,000 in the period:</b>		
	No.	No.
£60,000 - £70,000	9	4
£70,000 - £80,000	1	-
£80,000 - £90,000	-	1
£90,000 - £100,000	1	-
£100,000 - £110,000	-	-
£110,000 - £120,000	-	1
£120,000 - £130,000	1	-
£130,000 - £140,000	1	1
£140,000 - £150,000	1	-
£180,000 - £190,000	1	1

No loans have been made to employees in the year ended 31 March 2020 (2019 £0)

# Notes to the Financial Statements

## 12. Pension Obligations

### The Social Housing Pension Scheme (SHPS) (for new employees)

The Group participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026.

The Scheme is classified as a 'last-man standing arrangement'. Therefore, the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For financial years ending on or before 28 February 2019, it has not been possible for the company to obtain

sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

For accounting purposes, a valuation of the scheme was carried out with an effective date of 30 September 2018. The liability figures from this valuation were rolled forward for accounting year-ends from 31 March 2019 to 29 February 2020 inclusive. The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

Similarly, an actuarial valuation of the scheme was carried out as at 30 September 2019 to inform the liabilities for the accounting year ends from 31 March 2020 to 29 February 2021 inclusive.

The total contributions made for the year ended 31 March 2020 were £727k of which employer's contributions totalled £548k and employees' contributions totalled £179k. The agreed contribution rates for future years range from 4-16.7% for employers and 4-10.5% for employees, depending on age.

# Notes to the Financial Statements

## Principal Actuarial Assumptions

The following information provided by The Pension Trust (TPT) is based upon the full actuarial valuation of the fund at 31 March 2019 and September 2019 updated to 31 March 2020.

	31st March 2020	31st March 2019
Rate of increase in salaries	2.5%	3.2%
Rate of increase for pensions in payment / inflation	2.5%	3.2%
Discount rate for scheme liabilities	2.3%	2.4%
Inflation assumption (CPI)	1.5%	2.2%
Commutation of pensions to lump sums	75%	75%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

Current Pensioners	
Males	21.5 years
Females	23.3 years
Future Pensioners	
Males	22.9 years
Females	24.5 years

# Notes to the Financial Statements

	31 March 2020	31 March 2019
Analysis of the amount charged to operating costs in the Statement of Comprehensive Income	£'000	£'000
Employer service cost (net of employee contributions)	(534)	(395)
Expenses	(13)	(13)
<b>Total operating charge</b>	<b>(547)</b>	<b>(408)</b>
<b>Analysis of pension finance income / (costs)</b>		
Expected return on pension scheme assets	192	187
Interest on pension liabilities	(262)	(250)
<b>Amounts charged/credited to financing costs</b>	<b>(70)</b>	<b>(63)</b>
<b>Amount of gains and losses recognised in the Statement of Comprehensive Income</b>		
Actuarial gains/(losses) on pension scheme assets	227	182
Actuarial gains/(losses) on scheme liabilities	1,285	(658)
<b>Actuarial gain/(loss) recognised</b>	<b>1,512</b>	<b>(476)</b>
<b>Movement in surplus / (deficit) during the year</b>		
(Deficit) in scheme at 1 April	(2,937)	(2,443)
Movement in year: Employer service cost (net of employee contributions)	(547)	(408)
Employer contributions	548	404
Past service cost	-	-
Net interest/return on assets	(70)	(63)
Remeasurements	1,512	(427)
<b>(Deficit) in scheme at 31 March</b>	<b>(1,494)</b>	<b>(2,937)</b>

# Notes to the Financial Statements

Asset and Liability Reconciliation	31 March 2020	31 March 2019
	£'000	£'000
Reconciliation of Liabilities at start of period	(10,704)	(9,405)
Service cost	(547)	(408)
Interest cost	(262)	(250)
Employee contributions	(179)	(151)
Remeasurements	1,285	(609)
Benefits paid	139	119
Past Service cost	-	-
Curtailments and settlements	-	-
<b>Liabilities at end of period</b>	<b>(10,268)</b>	<b>(10,704)</b>
Reconciliation of Assets at start of period	7,767	6,962
Return on plan assets	192	187
Remeasurements	227	182
Employer contributions	548	404
Employee contributions	179	151
Benefits paid	(139)	(119)
<b>Assets at end of period</b>	<b>8,774</b>	<b>7,767</b>
<b>(Deficit) in scheme at 31 March</b>	<b>(1,494)</b>	<b>(2,937)</b>

## Local Government Pension Scheme ("LGPS")

The Lincolnshire County Council Pension - for TUPE employees formerly Boston Mayflower. The LGPS is a funded defined-benefit scheme, with the assets held in separate funds administered by the Lincolnshire County Council. The total contributions made for the

year ended 31 March 2020 were £290k, of which employer's contributions totalled £260k and employees' contributions totalled £30k. The agreed contribution rates for future years are 29.7% for employers and range from 5.5% to 11.4% for employees, depending on salary.

# Notes to the Financial Statements

## Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 March 2020 by a qualified independent actuary.

	31 March 2020	31 March 2019
Rate of increase in salaries	2.2%	2.9%
Rate of increase for pensions in payment / inflation	1.9%	2.5%
Discount rate for scheme liabilities	2.3%	2.4%
Inflation assumption (CPI)	1.9%	2.5%
Commutation of pensions to lump sums	75%	75%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.  
The assumed life expectations on retirement age 65 are:

	31 March 2020	31 March 2019
<b>Current Pensioners</b>		
Males	21.4 years	22.1 years
Females	23.7 years	24.4 years
<b>Future Pensioners</b>		
Males	22.4 years	24.1 years
Females	25.2 years	26.6 years

# Notes to the Financial Statements

	31 March 2020	31 March 2019
Analysis of the amount charged to operating costs in the Statement of Comprehensive Income	£'000	£'000
Employer service cost (net of employee contributions)	(159)	(158)
Past service cost	(10)	-
<b>Total operating charge</b>	<b>(169)</b>	<b>(158)</b>
<b>Analysis of pension finance income / (costs)</b>		
Expected return on pension scheme assets	350	366
Interest on pension liabilities	(427)	(438)
<b>Amounts charged/credited to financing costs</b>	<b>(77)</b>	<b>(72)</b>
<b>Amount of gains and losses recognised in the Statement of Comprehensive Income</b>		
Actuarial gains/(losses) on pension scheme assets	350	366
Actuarial gains/(losses) on scheme liabilities	(596)	(596)
<b>Actuarial gain/(loss) recognised</b>	<b>(246)</b>	<b>(230)</b>
<b>Movement in surplus / (deficit) during the year</b>		
(Deficit) in scheme at 1 April	(3,220)	(2,689)
Movement in year: Employer service cost (net of employee contributions)	(169)	(158)
Employer contributions	261	220
Past service cost	-	-
Net interest/return on assets	(77)	(72)
<b>Remeasurements</b>	<b>(71)</b>	<b>(521)</b>
<b>(Deficit) in scheme at 31 March</b>	<b>(3,276)</b>	<b>(3,220)</b>

# Notes to the Financial Statements

Asset and Liability Reconciliation	31 March 2020	31 March 2019
	£'000	£'000
Reconciliation of Liabilities at start of period	(17,879)	(16,263)
Service cost	(169)	(158)
Interest cost	(427)	(438)
Employee contributions	(30)	(30)
Remeasurements	2,602	(1,268)
Benefits paid	484	278
Past Service cost	-	-
Curtailments and settlements	-	-
<b>Liabilities at end of period</b>	<b>(15,419)</b>	<b>(17,879)</b>
Reconciliation of Assets at start of period	14,659	13,574
Return on plan assets	350	366
Remeasurements	(2,673)	747
Employer contributions	261	220
Employee contributions	30	30
Benefits paid	(484)	(278)
<b>Assets at end of period</b>	<b>12,143</b>	<b>14,659</b>
<b>(Deficit) in scheme at 31 March</b>	<b>(3,276)</b>	<b>(3,220)</b>

## Local Government Pension Scheme ("LGPS")

The East Riding of Yorkshire Council Pension - for TUPE employees formerly Shoreline. The LGPS is a funded defined-benefit scheme, with the assets held in separate funds administered by the East Riding of Yorkshire Council. The total contributions made for the year ended 31 March

2020 were £697k of which employer's contributions totalled £640k and employees' contributions totalled £57k. The agreed contribution rates for future years are 37.4% for employers and range from 5.8% to 11.4% for employees, depending on salary.

# Notes to the Financial Statements

## Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 March 2020 by a qualified independent actuary.

	31 March 2020	31 March 2019
Rate of increase in salaries	2.8%	2.7%
Rate of increase for pensions in payment / inflation	1.9%	2.5%
Discount rate for scheme liabilities	2.3%	2.4%
Inflation assumption (CPI)	1.9%	2.5%
Commutation of pensions to lump sums	75%	75%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.  
The assumed life expectations on retirement age 65 are:

	31 March 2020	31 March 2019
<b>Current Pensioners</b>		
Males	20.9 years	21.7 years
Females	23.3 years	24.2 years
<b>Future Pensioners</b>		
Males	21.8 years	23.7 years
Females	24.8 years	26.4 years

# Notes to the Financial Statements

Analysis of the amount charged to operating costs in the Statement of Comprehensive Income	31 March 2020	31 March 2019
	£'000	£'000
Employer service cost (net of employee contributions)	(359)	(374)
Expenses	(4)	(68)
<b>Total operating charge</b>	<b>(363)</b>	<b>(442)</b>
<b>Analysis of pension finance income / (costs)</b>		
Expected return on pension scheme assets	888	924
Interest on pension liabilities	(935)	(962)
<b>Amounts charged/credited to financing costs</b>	<b>(47)</b>	<b>(38)</b>
<b>Amount of gains and losses recognised in the Statement of Comprehensive Income</b>		
Actuarial gains/(losses) on pension scheme assets	888	924
Actuarial gains/(losses) on scheme liabilities	(1,334)	(1,404)
<b>Actuarial gain/(loss) recognised</b>	<b>(446)</b>	<b>(480)</b>
<b>Movement in surplus / (deficit) during the year</b>		
(Deficit) in scheme at 1 April	(2,075)	(1,549)
Movement in year: Employer service cost (net of employee contributions)	(395)	(374)
Employer contributions	640	749
Past service cost	(4)	(68)
Net interest/return on assets	(47)	(38)
Remeasurements	2,902	(795)
<b>Surplus/(Deficit) in scheme at 31 March</b>	<b>1,021</b>	<b>(2,075)</b>

# Notes to the Financial Statements

Asset and Liability Reconciliation	31 March 2020	31 March 2019
	£'000	£'000
Reconciliation of Liabilities at start of period	(39,140)	(35,945)
Service cost	(395)	(374)
Interest cost	(935)	(962)
Employee contributions	(57)	(63)
Remeasurements	7,126	(2,837)
Benefits paid	963	1,109
Past Service cost	(4)	(68)
Curtailments and settlements	-	-
<b>Liabilities at end of period</b>	<b>(32,442)</b>	<b>(39,140)</b>
Reconciliation of Assets at start of period	37,065	34,396
Return on plan assets	888	924
Remeasurements	(4,224)	2,042
Employer contributions	640	749
Employee contributions	57	63
Benefits paid	(963)	(1,109)
<b>Assets at end of period</b>	<b>33,463</b>	<b>37,065</b>
<b>Surplus/(Deficit) in scheme at 31 March</b>	<b>1,021</b>	<b>(2,075)</b>

### 13a. Tangible fixed assets

Group	Housing Properties for Letting Completed	Housing Properties for Letting Under Construction	Low Cost Home Ownership Properties Completed	Low Cost Home Ownership Properties Under Construction	Total Housing Properties	Freehold Offices	Computer and Office Equipment	Motor Vehicles	Playground Equipment	Total Fixed Assets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>										
At start of the year	316,605	-	15,899	114	332,618	1,665	5,092	11	33	339,419
Additions to properties acquired	-	6,994	-	3,846	10,840	-	391	-	-	11,231
Works to existing properties	10,421	-	-	-	10,421	-	-	-	-	10,421
Schemes completed	6,673	(6,673)	3,948	(3,948)	-	-	-	-	-	-
Transfer of tenure	238	-	(178)	-	60	-	-	-	-	60
Disposals	(4,050)	-	(496)	-	(4,546)	-	-	-	-	(4,546)
At the end of the year	329,887	321	19,173	12	349,393	1,665	5,483	11	33	356,585
<b>Depreciation and impairment</b>										
At start of the year	48,637	-	400	-	49,037	135	4,631	11	30	52,844
Charge for year	7,843	-	198	-	8,041	43	169	-	1	8,254
Impairment losses	(645)	-	-	-	(645)	-	-	-	-	(645)
Disposals	(1,611)	-	(35)	-	(1,646)	-	-	-	-	(1,646)
At the end of the year	54,224	-	563	-	54,787	178	4,800	11	31	59,807
<b>Net book value</b>										
31 March 2020	275,663	321	18,610	12	294,606	1,487	683	-	2	296,778
31 March 2019	267,968	-	15,499	114	283,581	1,530	461	-	3	285,575



# Notes to the Financial Statements

## 13a. Tangible fixed assets (continued)

	2020	2019
Housing Properties Comprise:	£'000	£'000
Freeholds	293,884	282,852
Long leaseholds	596	602
Short leaseholds	126	127
	294,606	283,581

	2020	2019
Works to existing properties in the year:	£'000	£'000
Components capitalised	10,421	11,327
Amounts charged to expenditure	333	1,169



### 13b. Tangible fixed assets

Association	Housing Properties for Letting Completed	Housing Properties for Letting Under Construction	Low Cost Home Ownership Properties Completed	Low Cost Home Ownership Properties Under Construction	Total Housing Properties	Freehold Offices	Computer and Office Equipment	Motor Vehicles	Playground Equipment	Total Fixed Assets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>										
At start of the year	316,215	-	15,899	114	332,228	1,665	5,092	11	33	339,029
Additions to properties acquired	-	6,994	-	3,846	10,840	-	391	-	-	11,231
Works to existing properties	10,421	-	-	-	10,421	-	-	-	-	10,421
Schemes completed	6,673	(6,673)	3,948	(3,948)	-	-	-	-	-	-
Transfer of tenure	241	-	(178)	-	63	-	-	-	-	63
Disposals	(4,050)	-	(496)	-	(4,546)	-	-	-	-	(4,546)
At the end of the year	329,500	321	19,173	12	349,006	1,665	5,483	11	33	356,198
<b>Depreciation and impairment</b>										
At start of the year	48,637	-	400	-	49,037	135	4,631	11	30	53,844
Charge for year	7,843	-	198	-	8,041	43	169	-	1	8,254
Impairment losses	(645)	-	-	-	(645)	-	-	-	-	(645)
Disposals	(1,611)	-	(35)	-	(1,646)	-	-	-	-	(1,646)
At the end of the year	54,224	-	563	-	54,787	178	4,800	11	31	59,807
<b>Net book value</b>										
31 March 2020	275,276	321	18,610	12	294,219	1,487	683	-	2	296,391
31 March 2019	267,578	-	15,499	114	283,191	1,530	461	-	3	285,185



# Notes to the Financial Statements

## 13b. Tangible fixed assets (continued)

	2020	2019
Housing Properties Comprise:	£'000	£'000
Freeholds	293,496	282,462
Long leaseholds	597	603
Short leaseholds	126	127
	<b>294,219</b>	<b>283,191</b>

	2020	2019
Works to existing properties in the year:	£'000	£'000
Components capitalised	<b>10,421</b>	11,318
Amounts charged to expenditure	<b>333</b>	1,169

# Notes to the Financial Statements

## 14. Fixed asset investments

Name	Incorporation and ownership	Regulated / Non-regulated	Nature of business
Group Companies			
The Group comprises the following companies, all registered in England:			
Lincolnshire Housing Partnership	Company 100%	Regulated	Housing Association
Humber Homes Limited	Company 100%	Non-regulated	Property Development
Shoreline Property Services Limited (Dissolved 31/03/20)	Company 100%	Non-regulated	R & M Services
Speedwell Homes Limited	Company 100%	Non-regulated	Market Renting
Boston Mayflower Finance plc	Company 100%	Non-regulated	Financing

Association	Other subsidiaries	Boston Mayflower Finance plc
	£'000	£'000
31 March 2019	-	13
31 March 2020	-	13

## 15. Stock

Association	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Building Materials	77	67	77	67
Goods for sale or hire	42	47	42	47
	119	114	119	114

# Notes to the Financial Statements

## 16. Properties in the course of sale

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
<b>Properties held for sale</b>				
<b>Low cost home ownership properties:</b>				
Completed	901	1,234	901	1,234
Work in progress	-	100	-	100
<b>Outright sale properties:</b>				
Work in progress	-	5	-	5
	901	1,339	901	1,339

## 17. Trade and other debtors

	Group		Association	
	2020	2019 Restated	2020	2019 Restated
	£'000	£'000	£'000	£'000
Rent arrears	1,928	1,905	1,926	1,899
Less: provision for bad debts	(1,212)	(1,740)	(1,212)	(1,736)
Amounts due from Group undertakings	-	-	330	272
Trade Debtors	190	77	190	77
VAT repayment due from HMRC	71	47	71	47
Other debtors	-	147	-	147
Prepayment and accrued income	1,450	501	1,416	501
Total	2,427	937	2,721	1,207

Debtors are all due within one year

# Notes to the Financial Statements

## 18. Cash and cash equivalents

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Cash at bank and in hand	11,780	5,621	11,629	5,504

## 19a. Creditors: amounts falling due within one year

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade creditors	1,657	2,173	1,657	2,147
Rents and service charges paid in advance	2,170	609	2,170	609
Other taxation and social security payable	-	4	-	4
Accruals and deferred income	3,736	3,969	3,736	3,969
RTB sales receipts due to council	269	269	269	269
Deferred Capital Grant (Note 20)	762	798	762	798
Recycled capital grant fund	131	-	131	-
Disposal proceeds fund	-	438	-	438
Other creditors	1,436	1,362	1,346	1,298
	10,161	9,622	10,071	9,532

# Notes to the Financial Statements

## 19b. Creditors: amounts falling due after more than one year

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Loans (Note 19c)	161,500	152,000	160,810	151,286
Less: Loan arrangement fees	(690)	(714)	-	-
Deferred Capital Grant (Note 20)	20,710	20,640	20,710	20,640
Recycled Capital Grant Fund (Note 21)	173	288	173	288
Disposal proceeds funds	114	406	114	406
	<b>181,807</b>	<b>172,620</b>	<b>181,807</b>	<b>172,620</b>

# Notes to the Financial Statements

## 19c. Net Debt Analysis

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
<b>Loans repayable by instalments</b>				
Within one year	-	-	-	-
In one year or more, but less than two years	-	-	-	-
In two years or more and less than five years	3,000	-	3,000	-
In five years or more	134,000	137,000	133,400	136,286
<b>Loans not repayable by instalments</b>				
Within one year	-	-	-	-
In one year or more, but less than two years	-	-	-	-
In two years or more and less than five years	9,500	-	9,500	-
In five years or more	15,000	15,000	14,910	15,000
Less: loan issue costs	(690)	(714)	-	-
	<b>160,810</b>	<b>151,286</b>	<b>160,810</b>	<b>151,286</b>

On 8 September 2014 Lincolnshire Housing Partnership Limited borrowed £90m from the capital markets through its subsidiary Boston Mayflower Finance plc via a combination of a 45-year bond issue and a 15-year Private Placement. Loans are secured by floating charges on all the Association's assets and fixed charges on individual properties.

The amount payable in relation to the bond issue is an intercompany creditor for Lincolnshire Housing Partnership Limited with the amount owed to its subsidiary, Boston Mayflower Finance plc. Boston Mayflower Finance plc recognises an equivalent intercompany debtor within its accounts and the third party liability to repay the bond on 8 September 2059.

# Notes to the Financial Statements

## 19c. Net Debt Analysis (continued)

The interest rate profile of the Association at 31 March 2020 was:

	Total	Variable rate	Fixed rate	Weighted	Weighted average term
	£'000	£'000	£'000	%	Years
Instalment loans	137,000	-	137,000	4.48	27
Non-instalment loans	24,500	-	24,500	4.08	15
	161,500	-	161,500	4.43	26
As at 31 March 2020 the Association has the following borrowing facilities:					£'000
Undrawn committed facilities					19,700
Undrawn facilities					75,000
					<b>94,700</b>

## 19d. Analysis of Changes in Net Debt

Group	Notes	As 1 April 2019	Cashflows	Non-cash Changes	At 31 March 2020
		£'000	£'000	£'000	£'000
Cash and Equivalents		5,621	6,159	-	11,780
Debt Due within one year		-	-	-	-
Debt Due after more than one year	19c	152,000	9,500	-	161,500
Net Debt		157,621	15,659	-	173,280

# Notes to the Financial Statements

## 20. Deferred Capital Grant

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
<b>Loans repayable by instalments</b>				
At start of the year	21,437	21,603	21,437	21,603
Grant received in the year	35	764	35	764
Grant recycled in the year – RCGF	116	-	116	-
Grant recycled in the year – DPF	730	-	730	-
Amortisation	(762)	(798)	(762)	(798)
Released to income in the year	(84)	(132)	(84)	(132)
At the end of the year	<b>21,472</b>	<b>21,437</b>	<b>21,472</b>	<b>21,437</b>
Amount due to be released < 1 year	762	798	762	798
Amount due to be released > 1 year	20,710	20,640	20,710	20,640
<b>Total deferred capital grant</b>	<b>21,472</b>	<b>21,437</b>	<b>21,472</b>	<b>21,437</b>

## 21. Recycled Capital Grant Fund

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
At start of the year	288	188	288	188
Inputs: Grant recycled	131	100	131	100
Recycling: New Build	(116)	-	(116)	-
At the end of the year	<b>303</b>	<b>288</b>	<b>303</b>	<b>288</b>

# Notes to the Financial Statements

## 22. Disposal Proceeds Fund

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
At start of the year	844	844	844	844
Use / allocation of funds	(730)	-	(730)	-
<b>At the end of the year</b>	<b>114</b>	<b>844</b>	<b>114</b>	<b>844</b>
Amount less than three years old	-	406	-	406
Amount three years or older where repayment may be required	114	438	114	438

## 23. Non-equity share capital

The Association's constitution is that of a Co-operative and Community Benefit Society, therefore there is no share capital.

Lincolnshire Housing Partnership Limited retains a £12,500 investment in Boston Mayflower Finance plc and is the registered holder of 50,000 shares of £1 each, of which £12,500 has been paid.

# Notes to the Financial Statements

## 24. Capital commitments

	2020	2019
	£'000	£'000
Capital expenditure that has been contracted for, but has not been provided for in the financial statements	10,484	8,513
Capital expenditure that has been authorised by the Board, but has not been contracted for	1,213	17,840
<b>Total capital expenditure in the next 12 months</b>	<b>11,697</b>	<b>26,353</b>
<b>The Group expects these commitments to be financed with:</b>		
Social Housing Grant	-	387
Committed loan facilities	-	10,676
Proceeds from the sale of properties	1,597	3,669
Existing cash balances	10,100	5,621
<b>Total capital expenditure in the next 12 months</b>	<b>11,697</b>	<b>26,353</b>

## 25. Operating leases

	2020	2019
	£'000	£'000
<b>Land and buildings</b>		
Less than 1 year	516	516
1 to 2 years	516	516
Between 2 to 5 years	645	1,032
5 years or more	-	-
<b>Others</b>		
Less than 1 year	421	201
1 to 2 years	421	46
2 to 5 years	642	96
5 years or more	-	-

# Notes to the Financial Statements

## 26. Contingent liability

There were no contingent liabilities to third parties as at 31 March 2020.

## 27. Grant and financial assistance

	2020	2019
	£'000	£'000
The total accumulated government grant and financial assistance received or receivable at 31 March	40,973	40,938
Held as deferred grant (note 20)	21,472	21,437
Recognised as income in Statement of Comprehensive Income	10,714	9,868

# Notes to the Financial Statements

## 28. Related parties

Lincolnshire Housing Partnership Limited is the Parent entity in the Group and ultimate controlling party. The Group has taken advantage of the exemption available under Section 33.1A FRS 102 not to disclose transactions with wholly owned subsidiary undertakings.

There have been no Directors' loans during the reporting year (2019: £Nil). No tenancy agreements are held by Board members.

There have been no transactions with key management personnel and their close family, (including compensation paid) Related party balances are not secured.

The Group entered the following related party transactions in the year ended 31 March 2020:

### Transactions with registered and non-registered elements of the business.

The Association provides management services, other services and loans to its subsidiaries.

The Association also receives charges from subsidiaries. The quantum and basis of those charges are set out below:

	Management charges		Other charges		Interest charges	
	2020	2019	2020	2019	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Non-regulated entities						
Boston Mayflower Finance plc	-	2	-	-	-	-
Speedwell Homes Limited	3	3	-	-	7	7
	3	5	-	-	7	7

### Intra-group management fees

Intra-group management fees are receivable by the Association from subsidiaries to cover the running costs the Association incurs on behalf of managing its subsidiaries and providing services. The management fee is calculated by using varying methods of allocation.

In March 2020 Speedwell Homes Limited declared a £7,400 gift aid payment to the Association (2019: £0).

### Intra-group interest charges

Intra-group interest is charged by the Association to its subsidiaries at an agreed commercial rate.

# Notes to the Financial Statements

## 29. Prior Period Adjustment

During 2019/2020 it was determined that two rent batches from the housing management system were duplicated in the accounting system, in the 2018/2019 year. This resulted in the rental income and the rental arrears being overstated in the 2018/2019 Financial Statements. There was no impact on any customer rent accounts and no customers were overcharged.

Additional controls have now been put in place to prevent this error from happening again. The correction of the error in the Financial Statements has been accounted for as a prior period adjustment.

The tables below show the restatement resulting from the correction.

	£'000
<b>Statement of Financial Position</b>	<b>2019</b>
Income and Expenditure reserve as at 31 March 2019 as originally stated	58,115
Adjustment for duplicated rent batch	(753)
Restated Income and Expenditure reserve as at 31 March 2019	57,362
Trade and other debtors as at 31 March 2019 as originally stated	1,690
Adjustment for duplicated rent batch	(753)
Restated trade and other debtors as at 31 March 2019	937
<b>Statement of Comprehensive Income</b>	<b>2019</b>
Operating surplus for 2018/2019 as originally stated	9,873
Adjustment for duplicate rent batch	(753)
Restated Operating surplus for 2018/2019	9,120



Lincolnshire Housing Partnership Limited registered as a charitable Community Benefit Society under the Co-operative and Community Benefit Societies Act 2014 with registered number: 7748. Data Protection registration number: ZA345449 Registered Office: Westgate Park, Charlton Street, Grimsby, North East Lincolnshire, DN31 1SQ